First Half Results

For the six months ended 30 September 2019

Embargoed until 7:00am on 19 November 2019

Diversification strategy delivers continued asset growth, driving fund management profits up 32%

Intermediate Capital Group plc (ICG or the Group) announces its first half results for the six months ended 30 September 2019.

Highlights

- AUM up 11% on 31 March 2019 to €41.1bn, with €4.6bn of new money raised across 14 strategies
- Fund Management Company profits up 32% to £85.0m (H1 2019: £64.4m); average fee rates maintained
- Group profit before tax on an IFRS basis up 24% to £153.4m (H1 2019: £124.0m)
- Earnings per share of 50.8p (H1 2019: 43.6p); Fund Management Company 28.4p (H1 2019: 21.4p) and Investment Company 22.4p (H1 2019: 22.2p)
- Interim ordinary dividend up 50% to 15.0p per share (H1 2019: 10.0p)
- Positive outlook underpins increase in operating margin target to be in excess of 50%, up from 43% previously

Commenting on the results, Benoit Durteste, CEO, said:

“These strong results demonstrate our ability to attract assets to a broad range of new fund strategies that are adjacent to our existing portfolios. Our diversification has resulted in continued healthy fundraising results and the 32% growth in Fund Management Company profits.

“We are well-positioned to deliver sustainable growth. Unlike traditional asset managers, we do not suffer short term outflows as a consequence of the movement in financial markets; we are maintaining or increasing average fee rates on an underlying fund basis. Our long fund life-cycles are designed to withstand economic cycles. This is underpinned by a disciplined attitude to the deployment of funds and proactive approach to realisations.”

Commenting on the results, Kevin Parry, Chairman, said:

“Our business model is more robust than at any time in the Company’s history and provides the Board with a strong backdrop against which to increase our Fund Management Company operating margin target to above 50%. The new target reflects the maturing of existing strategies while still providing capacity to invest in new fund strategies that will underpin the continued long-term sustainable growth of the Group.

“Our approach to building sustainable growth, while enhancing our responsible investing approach and maintaining our corporate culture, will be the subject of further discussion at our capital markets update on 30 January 2020.”

Financials

	Unaudited 6 months to 30 September 2019	Unaudited 6 months to 30 September 2018	% change	Audited 12 months to 31 March 2019
Adjusted as internally reported[1]				
Fund Management Company profit before tax	**£85.0m**	£64.4m	32%	£143.8m
Investment Company profit before tax	**£66.0m**	£115.1m	(43%)	£134.5m
Group profit before tax	**£151.0m**	£179.5m	(16%)	£278.3m
Earnings per share	**50.4p**	59.8p	(16%)	94.9p
Gearing	**0.87x**	0.86x	1%	0.86x
Net asset value per share	**£5.00**	£4.82	4%	£4.93
IFRS Consolidated				
Fund Management Company profit before tax	**£85.0m**	£64.4m	32%	£143.8m
Investment Company profit before tax	**£68.4m**	£59.6m	15%	£39.1m
Group profit before tax	**£153.4m**	£124.0m	24%	£182.9m
Earnings per share	**50.8p**	43.6p	17%	63.4p
Dividend per share in respect of the period	**15.0p**	10.0p	50%	45.0p

[1] These are non IFRS GAAP alternative performance measures and represent internally reported financial measures excluding the impact of the consolidation of structured entities following the adoption of IFRS 10. In the prior year, the IFRS valuation of CLO loan notes were aligned with the valuation technique used for the internally reported financial information resulting in a one-off reduction to the IFRS reported profit after tax. Further details can be found on page 6.

Assets under management[1]

	30 September 2019	30 September 2018	31 March 2019
Third party assets under management	**€38,380m**	€31,228m	€34,461m
Balance sheet portfolio	**€2,694m**	€2,370m	€2,621m
Total assets under management	**€41,074m**	€33,598m	€37,082m
Third party fee earning assets under management	**€32,892m**	€26,026m	€29,626m

The following foreign exchange rates have been used.

	30 September 2019 Average	30 September 2018 Average	31 March 2019 Average	30 September 2019 Period end	30 September 2018 Period end	31 March 2019 Period end
GBP:EUR	**1.1237**	1.1283	1.1343	**1.1282**	1.1228	1.1619
GBP:USD	**1.2497**	1.3232	1.3090	**1.2292**	1.3031	1.3038

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.

Analyst / investor enquiries:
Ian Stanlake, Investor Relations, ICG +44 (0) 20 3201 7880

Media enquiries:
Alicia Wyllie, Corporate Communications, ICG +44 (0) 20 3201 7994
Neil Bennett, Sam Turvey, Maitland +44 (0) 20 7379 5151

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.

About ICG

ICG is a global alternative asset manager with over 30 years' history.

We manage €41.1bn of assets in private debt, credit and equity, principally in closed-end funds. We provide capital to help companies grow through private and public markets, developing long-term relationships with our business partners to deliver value for shareholders, clients and employees.

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.

ICG is listed on the London Stock Exchange (ticker symbol: ICP). Further details are available at: www.icgam.com. You can follow ICG on LinkedIn.

Business review

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

- Fundraising (inflows): €4.6bn raised in total, across 14 different strategies
- Fees: weighted average fee rate[1] in line with March 2019 at 0.86%
- Investment: disciplined deployment remains strong across strategies
- Performance: all funds are on course to meet or exceed their return hurdle rates
- Operating margin[1]: target increased to be in excess of 50%

Market conditions remain buoyant for alternative assets

Alternative asset classes continue to be attractive to institutional investors for their enhanced returns and diversification opportunities. These drivers remain unchanged, supporting the trend towards growth in institutional assets under management for private market fund managers.

Global economic growth is slowing, with revenue and earnings growth in the US and Europe moderating. However, we consider global recession and systemic default risks to be low, providing a continued constructive environment for the alternative asset management industry. Furthermore, the duration of our funds mean they are designed to withstand economic cycles.

Strong fundraising across our diverse portfolio

Inflows in the first half totalled €4.6bn (H1 2019: €6.1bn). As 86% of our AUM is in closed end funds, inflows are significantly influenced by the timing of 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, providing high quality recurring income for the Group.

Given the absence of larger fund asset raisings, funds raised in the period demonstrate our ability to successfully launch new fund strategies which are adjacent to our existing offering. Europe Mid-Market, an offshoot of our successful European Corporate fund strategy, contributed €0.8bn to inflows and closed in October at €0.9bn of third-party commitments. We also raised capital for our new Sale and Leaseback fund strategy, combining the expertise of our senior debt and real estate teams. By charging fees on committed capital, these new fund strategies immediately contribute to profit.

We closed the latest vintage of our real estate partnership capital strategy in November at €1.0bn of third-party commitments, contributing €0.2bn to inflows in the first half. We also attracted further funds for our strategic equity strategy, real estate senior debt strategy and our Australian senior debt fund, and closed two CLOs. We had further success across our scalable capital market strategies raising €0.8bn in the period and we continue to attract European senior debt mandates ahead of raising European Senior Debt Partners IV in the coming months.

Maintaining investment discipline in a competitive market

We deployed €2.3bn across our direct investment strategies during the period, a reduction on the €3.6bn deployed in H1 2019 when we experienced a particularly high level of deal activity in our European Corporate fund strategy. All funds are currently investing at, or ahead of, their linear investment pace.

The size and flexibility of our fund mandates, combined with our ‘on the ground’ investment resources, are a competitive advantage in sourcing deals. Furthermore, as we size our funds based on an assessment of the investment market opportunity, rather than purely on investor demand, we are focused on maintaining our discipline by being selective in our investment decisions.

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.

Our fund and balance sheet portfolios are performing well. Despite some macroeconomic uncertainty, portfolio performance and credit fundamentals remain healthy. We expect the performance of our portfolios and level of realisations to be similar in the second half of the financial year.

Interim dividend increased and ongoing capital management

The Board has approved an interim dividend of 15.0p, an increase of 50% 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 14 January 2020 to shareholders on the register on 6 December 2019. 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 2019 was 3.6 years and the balance sheet was geared 0.87x.

Positive outlook underpins increase in operating margin target

Our closed end funds model provides good visibility on future assets under management and fund management company profits. Further, our long duration funds and client commitments mean we are able to manage our portfolios across economic cycles.

We have completed the structural steps necessary to rearrange our affairs for Brexit. We will monitor developments related to the implementation of Brexit and refine our affairs as appropriate.

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, and enhancing our ESG credentials. This underpins our sustainable growth for the future. Moreover, we will continue to use our balance sheet capital to enable and accelerate the growth of our specialist asset management strategies.

Significant investment in new teams is often required before a fund strategy can raise third party money and begin generating fees. As these strategies raise successor funds with their existing teams, operating leverage increases. Since we set our fund management company operating margin target of above 43% in early 2018, a number of existing fund strategies have raised larger funds, increasing fund management company profits. We have therefore decided to increase our target to be in excess of 50%, to reflect the maturing of existing strategies while maintaining capacity to invest in new fund strategies that will underpin the continued long-term growth of the Group.

[1] These are non IFRS GAAP alternative performance measures. Please see the glossary on page 35 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 are alternative performance measures as defined in the glossary on page 35. The IFRS financial statements are on pages 13 to 33.

Under IFRS the Group is deemed to control funds where it can make significant decisions that can substantially affect the variable returns of investors. There are 17 credit funds and CLOs required to be consolidated under this definition of control. This has the impact of including all of the assets and liabilities of these funds in the consolidated statement of financial position and recognises all the related interest income and gains or losses on investments in the consolidated income statement. However, the legal and economic structure of these funds means that shareholders are only at risk for the Group's investment into these funds.

The Board believes that presenting the financial information in this review on a non IFRS GAAP basis, and therefore excluding the impact of the consolidated credit funds and CLOs, assists shareholders in assessing their investment and the delivery of the Group's strategy through its financial performance. This is consistent with the approach taken by management, the Board and other stakeholders.

The Group's profit after tax on an IFRS basis was above the prior year at £147.5m (H1 2019: £125.0m), with earnings per share for the period of 50.8p (H1 2019: 43.6p). On an internally reported basis profit after tax was below the prior year at £143.5m (H1 2019: £170.0m). The reconciliation is below:

	6 months to 30 September 2019			6 months to 30 September 2018		
Income Statement	**Adjusted as internally reported £m**	**Adjustments £m**	**IFRS as reported £m**	Adjusted as internally reported £m	Adjustments £m	IFRS as reported £m
Revenue						
Fee and other operating revenue	**135.6**	**(8.0)**	**127.6**	105.4	(3.4)	102.0
Finance and dividend income	**17.4**	**(5.7)**	**11.7**	16.9	(16.8)	0.1
Net investment returns / gains on investments	**131.6**	**33.1**	**164.7**	185.7	(29.3)	156.4
Total revenue	**284.6**	**19.4**	**304.0**	308.0	(49.5)	258.5
Finance costs	**(20.3)**	**(8.8)**	**(29.1)**	(16.9)	2.5	(14.4)
Administrative expenses	**(113.3)**	**(9.6)**	**(122.9)**	(111.6)	(8.7)	(120.3)
Other	**-**	**1.4**	**1.4**	-	0.2	0.2
Profit before tax	**151.0**	**2.4**	**153.4**	179.5	(55.5)	124.0
Tax	**(7.5)**	**1.6**	**(5.9)**	(9.5)	10.5	1.0
Profit after tax	**143.5**	**4.0**	**147.5**	170.0	(45.0)	125.0

The prior year difference between internal and IFRS financial information was primarily in the valuation of the CLO loan notes within the Investment Company. The adoption of IFRS 9 in the prior year prompted the Group to reconsider the valuation technique used to determine the valuation of the CLO loan notes in the IFRS financial information. The IFRS valuation of CLO loan notes were aligned with the valuation technique used for the internally reported financial information resulting in a one-off reduction to the IFRS reported profit after tax. Going forward we do not anticipate profit, or earnings per share, on an internally reported basis to be materially different to that on an IFRS basis.

The Group has adopted IFRS 16 'Leases' with effect from 1 April 2019, with the impact of adoption detailed in note 1 to the financial statements.

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 35.

Overview

The Group's internally reported profit before tax[1] for the period was 16% lower at £151.0m (H1 2019: £179.5m), with Fund Management Company (FMC) profit 32% higher at £85.0m (H1 2019: £64.4m) and Investment Company (IC) profit 43% lower at £66.0m (H1 2019: £115.1m).

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 are lower as the prior period benefited from higher net investment returns, primarily driven by the revaluation of a legacy asset in line with its listed share price, and include the impact of the fair value gain on hedging derivatives of £8.5m (H1 2019: £9.8m credit).

Income Statement - adjusted	**6 months to 30 September 2019 £m**	6 months to 30 September 2018 £m	Change %
Fund Management Company	**85.0**	64.4	32%
Investment Company	**66.0**	115.1	(43%)
Profit before tax	**151.0**	179.5	(16%)
Tax	**(7.5)**	(9.5)	(21%)
Profit after tax	**143.5**	170.0	(16%)

The effective tax rate is lower than the standard corporation tax rate of 19%, as detailed on page 33. 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 a ROE[1] of 21.0% (H1 2019: 26.0%) and adjusted earnings per share[1] for the period of 50.4p (H1 2019: 59.8p).

Net current assets[1] of £20.5m are down from £328.1m at 31 March 2019, with financial liabilities maturing within one year increasing by £251.1m and a decrease in cash of £59.2m. There is sufficient balance sheet headroom to meet these financial liabilities without the need to raise additional debt.

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 2019, the net impact of fundraising and realisations saw third party AUM increase 11% to €38.4bn. 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 2019	17,144	11,505	3,581	2,231	34,461
Additions	1,984	1,543	637	441	4,605
Realisations	(697)	(116)	(123)	(4)	(940)
FX and other	43	203	(91)	99	254
At 30 September 2019	**18,474**	**13,135**	**4,004**	**2,767**	**38,380**
Change %	8%	14%	12%	24%	11%

Corporate Investments

Corporate Investments third party funds under management have increased 8% to €18.5bn in the period as new AUM of €2.0bn, including €0.8bn for Europe Mid-Market and €0.9bn of Senior Debt mandates, more than outstripped the realisations from our older funds.

Capital Market Investments

Capital Markets third party funds under management have increased 14% to €13.1bn, with new third party AUM of €1.5bn raised in the period. During the period we raised two CLOs, one each in Europe and the US, raising a total €763m, including €26m from our balance sheet to meet regulatory requirements. The remaining €806m was raised across our liquid credit funds, maintaining the momentum generated in recent years.

Real Asset Investments

Real Assets third party funds under management have increased 12% to €4.0bn. With new AUM of €637m raised in the period, primarily for our real estate senior debt strategy, we have demonstrated our ability to continue to raise money from UK institutions despite Brexit uncertainty.

Secondary Investments

Secondaries third party funds under management have increased 24% to €2.8bn, with new AUM of €441m raised in the period for our Strategic Equity fund strategy.

Fee earning AUM

The deployment rate for our Senior Debt Partners strategy, our Real Estate funds and our North American Private Debt funds 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 €2.2bn in the period compared to €3.3bn 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 2019	% invested at 31 March 2019	Assets in fund at 30 September 2019	Deals completed in period
Corporate Investments	ICG Europe Fund VII	48%	38%	7	1
Corporate Investments	North American Private Debt Fund II	24%	22%	6	1
Corporate Investments	Senior Debt Partners III*	65%	43%	29	9
Corporate Investments	Asia Pacific Fund III	93%	93%	8	0
Real Asset Investments	ICG Longbow Real Estate Fund V	49%	43%	11	3
Secondary Investments	Strategic Secondaries II	100%	82%	12	1
Secondary Investments	Strategic Equity III	15%	0%	1	1

* Co-mingled fund, excluding mandates and undrawn commitments

Fee earning AUM has increased 11% to €32.9bn since 1 April 2019 primarily due to the immediate impact of Europe Mid-Market fund which charges fees on committed capital and fundraising across our capital markets strategies. 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 2019	13,545	11,123	2,891	2,067	29,626
Additions	2,154	1,505	380	441	4,480
Realisations	(1,070)	(215)	(140)	(5)	(1,430)
FX and other	24	163	(83)	112	216
At 30 September 2019	**14,653**	**12,576**	**3,048**	**2,615**	**32,892**
Change %	8%	13%	5%	27%	11%

Fee income

Third party fee income[1] of £135.6m was 29% higher than the prior year due to the successful fundraising of funds which charges fees on committed capital in the current and prior year; 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 2019 £m	6 months to 30 September 2018 £m	Change %
Corporate Investments	**81.2**	65.4	24%
Capital Market Investments	**25.8**	19.7	31%
Real Asset Investments	**11.3**	11.1	2%
Secondary Investments	**17.3**	9.2	88%
Total third party funds	**135.6**	105.4	29%
IC management fee	**11.4**	10.0	14%
Total	**147.0**	115.4	27%

Third party fees include £15.6m of net performance fees (H1 2019: £10.6m), 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 84% 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 £3.1m FX benefit in the period.

The weighted average fee rate[1], excluding performance fees, across our fee earning AUM is 0.86% (March 2019: 0.86%).

Weighted average fee rates	30 September 2019 £m	31 March 2019 £m
Corporate Investments	**1.05%**	1.05%
Capital Market Investments	**0.49%**	0.52%
Real Asset Investments	**0.88%**	0.88%
Secondary Investments	**1.50%**	1.29%
Total third party funds	**0.86%**	0.86%

Other income

In addition to fees, the FMC recorded dividend receipts[1] of £17.4m (H1 2019: £16.9m) from the increased number and improved performance of our CLOs.

Operating expenses

Operating expenses of the FMC were £79.4m (H1 2019: £67.9m), of which incentive scheme costs of £30.0m (H1 2019: £22.3m) were a significant component. The increase in incentive scheme costs reflects the performance of the fund management business and increase in headcount. Salaries were £27.5m (H1 2019: £23.6m) as average headcount increased 20% from 272 to 326 as we continue to invest in our investment, distribution and support teams commensurate with the demand for our asset classes. Other administrative costs have remained flat at £21.9m (H1 2019: £22.0m).

The FMC operating margin[1] was 51.7% up from 48.7% in the prior year, as a result of average fee earning AUM increasing 28% to €31.4bn for the six months ending 30 September 2019 thereby increasing the operating leverage of our existing strategies.

Investment Company

Balance sheet investments

The balance sheet investment portfolio[1] increased 6% in the period to £2,388m at 30 September 2019, as detailed below:

	£m
At 1 April 2019	2,255.7
New investments	102.6
Realisations	(160.6)
Net investment returns	121.3
Cash interest received	(8.0)
FX and other	76.6
At 30 September 2019	**2,387.6**

In the period £69.3m was invested in new and follow on investments made by our corporate funds; £23.3m was invested in our capital market funds; £7.5m in our Strategic Equity funds and £2.5m in our real estate funds.

Realisations comprise the return of £79.7m of principal and the crystallisation of £80.9m of net investment returns.

The Sterling value of the portfolio increased by £81.5m due to FX movements. The portfolio is 41% Euro denominated, 32% US dollar denominated, and 16% Sterling denominated.

Net investment returns

Net investment returns[1] of £131.6m (H1 2019: £185.7m) represents the total return generated from the balance sheet portfolio in the period.

At 10.8% (H1 2019: 17.1%) of the average balance sheet portfolio, net investment returns were lower in the period reflecting the mix and performance of the underlying portfolios in which the balance sheet is invested. Returns in the prior period had benefited from a £41.1m increase in value in respect of one of the last remaining legacy assets which was revalued in line with its listed share price.

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

	Target return profile	**As at 30 September 2019 £m**	**% of total**	As at 31 March 2019 £m	% of total
Corporate Investments	15-20%	**1,408**	**59%**	1,343	59%
Capital Market Investments	5-10%	**607**	**25%**	556	25%
Real Asset Investments	c10%	**186**	**8%**	183	8%
Secondary Investments	15-20%	**187**	**8%**	174	8%
Total balance sheet portfolio		**2,388**	**100%**	2,256	100%

In addition, £116.3m (31 March 2019: £110.7m) 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 2019, these assets were in respect of our new real asset investment strategies where we are using the balance sheet to demonstrate proof of concept.

Interest expense

Interest expense[1] of £28.8m was £2.1m higher than the prior period (H1 2019: £26.7m), following the raising of new private placement debt in the period.

Operating expenses

Operating expenses[1] of the IC amounted to £33.9m (H1 2019: £43.7m), of which incentive scheme costs of £24.4m (H1 2019: £35.3m) were the largest component. The £10.9m decrease is due to a reduction in net investment returns compared to the prior period. Other staff and administrative costs were £9.5m compared to £8.4m in the first half of last year, a £1.1m increase due to increasing regulatory and governance costs.

Group cash flow and debt

The balance sheet headroom remains healthy, with £653.6m of available cash and debt facilities at 30 September 2019, 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 2019	572.7
New private placement notes issued	140.7
Movement in cash	(59.1)
Movement in drawn debt	(44.8)
FX and other	44.1
At 30 September 2019	**653.6**

Total drawn debt at 30 September 2019 was £1,229m compared to £1,184m at 31 March 2019, with available cash of £104m compared to £163m at 31 March 2019.

Capital position

Shareholders' funds increased by £27.9m to £1,411.3m (31 March 2019: £1,383.4m), 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 2019 increased to 0.87x from 0.86x at 31 March 2019.

Principal risks and uncertainties

The principal risks and uncertainties to which the Group is exposed for the remainder of the year have been subject to robust assessment by the Directors and remain consistent with those outlined in our annual report. As part of the risk management development plan, amongst other activities, we have implemented an enterprise wide risk management policy and developed associated reporting. We proactively plan for and respond to emerging risks, which has led to an enhancement of the liquidity risk management of our Capital Markets business. We are currently focussed on the UK general election and the potential implications for UK economic policy and the enactment of the EU-UK Brexit agreement. In particular, we have actively mitigated the impact of a potential Brexit on our business by strengthening our EU operations and obtaining the required permissions to enable continuity of our marketing services.

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 have 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 2019 Annual Report.

This responsibility statement was approved by the Board of Directors on 18 November 2019 and is signed on its behalf by:

Benoit Durteste	Vijay Bharadia
CEO	CFOO

Consolidated Income Statement

For the six months ended 30 September 2019

	Notes	**Six months ended 30 September 2019 (Unaudited) £m**	Six months ended 30 September 2018 (Unaudited) £m
Fee and other operating income	2	**127.6**	102.0
Finance and dividend income		**11.7**	0.1
Net gains on investments		**164.7**	156.4
Total revenue		**304.0**	258.5
Finance costs	1	**(29.1)**	(14.4)
Administrative expenses	1	**(122.9)**	(120.3)
Share of results of joint ventures accounted for using equity method		**1.4**	0.2
Profit before tax		**153.4**	124.0
Tax (charge)/credit	7	**(5.9)**	1.0
Profit after tax		**147.5**	125.0
Attributable to:			
Equity holders of the parent		**144.5**	124.0
Non controlling interests		**3.0**	1.0
		147.5	125.0
Earnings per share	6	**50.8p**	43.6p
Diluted earnings per share	6	**50.8p**	43.6p

The Group has adopted IFRS 16 from 1 April 2019. 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. The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2019

	Six months ended 30 September 2019 (Unaudited) £m	Six months ended 30 September 2018 (Unaudited) £m
Profit for the period	**147.5**	125.0
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**9.6**	9.6
Tax on items taken directly to or transferred from equity	**1.1**	(2.1)
	10.7	7.5
Total comprehensive income for the period	**158.2**	132.5

Attributable to:		
Equity holders of the parent	**154.6**	131.5
Non controlling interests	**3.6**	1.0
	158.2	132.5

Consolidated Statement of Financial Position

As at 30 September 2019

	Notes	**30 September 2019 (Unaudited) £m**	31 March 2019 (Audited) £m
Non current assets			
Intangible assets		**14.3**	15.4
Property, plant and equipment	1	**20.3**	12.6
Investment in joint venture accounted for under the equity method		**3.3**	1.8
Financial assets at fair value	4	**6,274.7**	5,647.1
Derivative financial assets	4	**6.1**	3.1
Deferred tax asset		**9.5**	12.8
		6,328.2	5,692.8
Current assets			
Trade and other receivables		**245.0**	227.1
Financial assets at fair value	4	**9.4**	77.3
Derivative financial assets	4	**54.3**	51.6
Current tax debtor		**8.5**	8.4
Cash and cash equivalents		**353.1**	354.0
		670.3	718.4
Disposal groups held for sale	4	**263.5**	107.1
Total assets		**7,262.0**	6,518.3
Equity and reserves			
Called up share capital		**77.2**	77.2
Share premium account		**179.9**	179.5
Other reserves		**0.4**	(3.5)
Retained earnings		**1,153.8**	1,130.2
Equity attributable to owners of the Company		**1,411.3**	1,383.4
Non controlling interest		**15.4**	10.9
Total equity		**1,426.7**	1,394.3
Non current liabilities			
Provisions		**0.7**	0.9
Financial liabilities at fair value	4	**3,967.8**	3,449.0
Financial liabilities at amortised cost		**979.8**	1,183.5
Other financial liabilities	1	**7.6**	-
Derivative financial liabilities	4	**43.8**	45.8
Deferred tax liabilities		**0.9**	0.2
		5,000.6	4,679.4
Current liabilities			
Provisions		**0.4**	0.4
Trade and other payables		**406.5**	350.5
Financial liabilities at amortised cost		**251.1**	-
Current tax creditor		**3.2**	2.7
Derivative financial liabilities	4	**14.2**	14.1
		675.4	367.7
Liabilities directly associated with disposal groups held for sale	4	**159.3**	76.9
Total liabilities		**5,835.3**	5,124.0
Total equity and liabilities		**7,262.0**	6,518.3

Consolidated Statement of Cash Flows

For the six months ended 30 September 2019	**Six months ended 30 September 2019 (Unaudited) £m**	Six months ended 30 September 2018 (Unaudited) £m
Operating activities		
Interest received	**124.0**	105.9
Fees received	**106.5**	79.8
Dividends received	**0.5**	1.6
Payments to suppliers and employees	**(58.7)**	(106.4)
Proceeds from sale of current financial assets and disposal groups	**80.7**	147.4
Purchase of current financial assets and disposal groups	**(82.1)**	(258.1)
Purchase of non current financial assets	**(1,294.0)**	(1,445.6)
Proceeds from sale of non current financial assets	**1,031.4**	1,333.3
Net cash inflow from derivative contracts	**15.4**	17.4
Cash used in operating activities	**(76.3)**	(124.7)
Taxes received/(paid)	**0.9**	(15.4)
Net cash used in operating activities	**(75.4)**	(140.1)
Investing activities		
Purchase of property, plant and equipment	**(2.7)**	(2.5)
Net cash used in investing activities	**(2.7)**	(2.5)
Financing activities		
Dividends paid	**(100.0)**	(59.9)
Interest paid	**(93.8)**	(88.8)
Increase in long term borrowings	**496.8**	1,091.9
Repayment of long term borrowings	**(150.5)**	(970.9)
Purchase of own shares	**(48.5)**	(34.1)
Net cash generated from/(used in) financing activities	**104.0**	(61.8)
Net increase/(decrease) in cash	**25.9**	(204.4)
Cash and cash equivalents at beginning of period	**354.0**	520.7
Effect of foreign exchange rate changes	**(26.8)**	(39.8)
Net cash and cash equivalents at end of period	**353.1**	276.5
Presented on the statement of financial position as:		
Cash and cash equivalents	**353.1**	276.5

The Group's cash and cash equivalents includes £249.5m (31 March 2019: £191.3m) 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 2019

(Unaudited)	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments 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 2019	**77.2**	**179.5**	**5.0**	**64.3**	**(92.8)**	**20.0**	**1,130.2**	**1,383.4**	**10.9**	**1,394.3**
Adjustment on initial application of IFRS 16 (note 1)	-	-	-	-	-	-	**(1.8)**	**(1.8)**	-	**(1.8)**
Profit for the period	-	-	-	-	-	-	**144.5**	**144.5**	**3.0**	**147.5**
Exchange differences on translation of foreign operations	-	-	-	-	-	**9.0**	-	**9.0**	**0.6**	**9.6**
Tax on items taken directly to or transferred from equity	-	-	-	**1.1**	-	-	-	**1.1**	-	**1.1**
Total comprehensive income for the period	-	-	-	**1.1**	-	**9.0**	**144.5**	**154.6**	**3.6**	**158.2**
Movement in control of subsidiary	-	-	-	-	-	-	**(0.9)**	**(0.9)**	**0.9**	-
Own shares acquired in the period	-	-	-	-	**(36.9)**	-	-	**(36.9)**	-	**(36.9)**
Options/awards exercised	-	**0.4**	-	**(30.3)**	**48.5**	-	**(18.2)**	**0.4**	-	**0.4**
Credit for equity settled share schemes	-	-	-	**12.5**	-	-	-	**12.5**	-	**12.5**
Dividends paid	-	-	-	-	-	-	**(100.0)**	**(100.0)**	-	**(100.0)**
Balance at 30 September 2019	**77.2**	**179.9**	**5.0**	**47.6**	**(81.2)**	**29.0**	**1,153.8**	**1,411.3**	**15.4**	**1,426.7**

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	-	-	-	-	**(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 2019

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 2019.

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 2019 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 £653.6m of cash and unutilised debt facilities, meaning that any debt repayments due in the next 18 months can be made without the need to raise further debt.

(iii) Related party transactions

There have been no material changes to the nature or size of related party transactions since 31 March 2019.

(iv) Changes in significant accounting policies

The Group has adopted IFRS 16 'Leases' with effect from 1 April 2019. As permitted under the transition rules, comparative figures for the period to 30 September 2018 and for the year ended 31 March 2019 have not been restated. The impact of adopting this new accounting standard on the Group's significant accounting policies is outlined below.

IFRS 16 - 'Leases'

IFRS 16 introduces changes to lease accounting by removing the distinction between operating and finance leases. This requires the Group to recognise a 'right-of-use' (ROU) asset and a lease liability at the commencement of all leases, except for short-term leases, those leases that are contractually less than 12 months, and leases of low value assets.

Under the new standard, the present value of total rentals payable over the life of the lease is recognised as a liability. This is offset by an asset comprising the initial measurement of the corresponding lease liability, and any other initial direct costs, lease incentives and any costs to dismantle or return the asset to its original form. The ROU asset is subsequently measured at cost less accumulated depreciation and impairment losses.

The standard therefore increases debt liabilities on the balance sheet and the income statement expense is represented as depreciation and finance cost, rather than rent.

Notes to the Half Year Report continued

For the six months ended 30 September 2019

1. Basis of preparation continued

Accounting policy – IFRS 16 Leases

The Group has assessed low value assets to be those with a value of less than £10,000 (or local currency equivalent). As a result, the Group's material leases impacted by the adoption of this accounting standard are its rented office spaces.

As permitted by IFRS 16, we have elected not to restate comparative numbers, presenting the £1.8m cumulative effect of applying the standard as an opening reserves adjustment. The impact of this standard on the consolidated statement of financial position is as follows:

	30 September 2019 (Unaudited) £m	1 April 2019 (Unaudited) £m
Non current assets		
Property, plant and equipment	**6.8**	8.5
Non current liabilities		
Other financial liabilities	**7.6**	10.3
Equity and reserves		
Retained earnings	**-**	1.8

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 2019 (Unaudited) £m**	Six months ended 30 September 2018 (Unaudited) £m
Management fees*	**124.0**	94.9
Other income	**3.6**	7.1
Fee and other operating income	**127.6**	102.0

*Included within management fees is £15.6m (H1 2019: £10.6m) of performance related fee income.

Management Fees

The Group earns management fees from its performance of investment management services. Management fees are charged on third party money managed by ICG and are based on an agreed percentage of either committed money, invested money or net asset value (NAV), dependent on the fund. Management fees are variable fee revenue streams which relate to one performance obligation and contain a non-performance and performance related fee element. Non-performance related management fees for the period of £108.4m (H1 2019: £84.3m) are charged in arrears and are recognised in the period services are performed.

Performance related fees are recognised only where it is highly probable that the revenue will not be reversed in the future. Performance related fees will only be crystallised when a performance hurdle is met and portfolio liquidations are made. The estimate of performance fees is made with reference to the liquidation profile for the fund, which factors in portfolio exits and timeframes. A constraint is applied to the estimate to reflect uncertainty of future fund performance. Performance fees are recognised as the services are performed, with time elapsed being the measure of progress. Performance fees of £15.6m (H1 2019: £10.6m) have been recognised for services performed during the period.

There are no other individually significant components of revenue from contracts with customers.

For the six months ended 30 September 2019

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.

Six months ended 30 September 2019 (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	**81.2**	**25.8**	**11.3**	**17.3**	**135.6**	**-**	**135.6**
Inter-segmental fee	**7.1**	**2.0**	**1.3**	**1.0**	**11.4**	**(11.4)**	**-**
Fund management fee income	**88.3**	**27.8**	**12.6**	**18.3**	**147.0**	**(11.4)**	**135.6**
Net investment returns					**-**	**131.6**	**131.6**
Dividend income					**17.4**	**-**	**17.4**
Total revenue					**164.4**	**120.2**	**284.6**
Interest expense					**-**	**(28.8)**	**(28.8)**
Net fair value gain on derivatives					**-**	**8.5**	**8.5**
Staff costs					**(27.5)**	**(4.0)**	**(31.5)**
Incentive scheme costs					**(30.0)**	**(24.4)**	**(54.4)**
Other administrative expenses					**(21.9)**	**(5.5)**	**(27.4)**
Profit before tax					**85.0**	**66.0**	**151.0**

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

For the six months ended 30 September 2019

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 period, 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 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.

Consolidated Income Statement

Six months ended 30 September 2019 (Unaudited)	Internally reported £m	Consolidated structured entities £m	Financial statements £m
- Fund management fee income	135.6	(11.6)	124.0
- Other operating income	-	3.6	3.6
Fee and other operating income	**135.6**	**(8.0)**	**127.6**
- Dividend income	17.4	(17.4)	-
- Net fair value gain on derivatives	-	11.7	11.7
Finance and dividend income	**17.4**	**(5.7)**	**11.7**
Net investment returns/Net gains on investments	**131.6**	**33.1**	**164.7**
Total revenue	**284.6**	**19.4**	**304.0**
- Interest expense	(28.8)	(0.3)	(29.1)
- Net fair value gain/(loss) on derivatives	8.5	(8.5)	-
Finance costs	**(20.3)**	**(8.8)**	**(29.1)**
- Staff costs	(31.5)	0.2	(31.3)
- Incentive scheme costs	(54.4)	-	(54.4)
- Other administrative expenses	(27.4)	(9.8)	(37.2)
Administrative expenses	**(113.3)**	**(9.6)**	**(122.9)**
Share of results of joint ventures accounted for using equity method	**-**	**1.4**	**1.4**
Profit before tax	**151.0**	**2.4**	**153.4**
Tax (charge)/credit	(7.5)	1.6	(5.9)
Profit after tax	**143.5**	**4.0**	**147.5**

Notes to the Half Year Report continued

For the six months ended 30 September 2019

3. Business segments continued

Consolidated Income Statement continued

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/Net 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 after tax	**170.0**	**(45.0)**	**125.0**

Notes to the Half Year Report continued

For the six months ended 30 September 2019

3. Business segments continued

Consolidated Statement of Financial Position

30 September 2019 (Unaudited)	**Internally reported £m**	**Consolidated structured entities £m**	**Financial statements £m**
Non current financial assets	**2,387.6**	**3,890.4**	**6,278.0**
Other non current assets	**44.4**	**5.8**	**50.2**
Cash	**104.0**	**249.1**	**353.1**
Current financial assets	**116.3**	**(106.9)**	**9.4**
Other current assets	**218.0**	**89.8**	**307.8**
Disposal groups held for sale	**-**	**263.5**	**263.5**
Total assets	**2,870.3**	**4,391.7**	**7,262.0**
Non current financial liabilities	**979.8**	**3,967.8**	**4,947.6**
Other non current liabilities	**55.7**	**(2.7)**	**53.0**
Current financial liabilities	**251.1**	**-**	**251.1**
Other current liabilities	**166.7**	**257.6**	**424.3**
Liabilities directly associated with disposal groups held for sale	**-**	**159.3**	**159.3**
Total liabilities	**1,453.3**	**4,382.0**	**5,835.3**
Equity	**1,417.0**	**9.7**	**1,426.7**
Total equity and liabilities	**2,870.3**	**4,391.7**	**7,262.0**

31 March 2019 (Audited)	**Internally reported £m**	**Consolidated structured entities £m**	**Financial Statements £m**
Non current financial assets	2,255.7	3,393.2	5,648.9
Other non current assets	36.1	7.8	43.9
Cash	163.2	190.8	354.0
Current financial assets	110.7	(33.4)	77.3
Other current assets	215.7	71.4	287.1
Disposal groups held for sale	-	107.1	107.1
Total assets	**2,781.4**	**3,736.9**	**6,518.3**
Non current financial liabilities	1,183.5	3,449.0	4,632.5
Other non current liabilities	46.7	0.2	46.9
Other current liabilities	161.5	206.2	367.7
Liabilities directly associated with disposal groups held for sale	-	76.9	76.9
Total liabilities	**1,391.7**	**3,732.3**	**5,124.0**
Equity	1,389.7	4.6	1,394.3
Total equity and liabilities	**2,781.4**	**3,736.9**	**6,518.3**

Notes to the Half Year Report continued

For the six months ended 30 September 2019

3. Business segments continued

Consolidated Statement of Cash Flows

30 September 2019 (Unaudited)	Internally reported £m	Consolidated structured entities £m	Financial Statements £m
Interest received	12.2	111.8	124.0
Fees received	111.1	(4.6)	106.5
Dividends received	17.8	(17.3)	0.5
Payments to suppliers and employees	(52.8)	(5.9)	(58.7)
Proceeds from sale of current financial assets and disposal groups	80.7	-	80.7
Purchase of current financial assets and disposal groups	(82.1)	-	(82.1)
Purchase of non current financial assets	(102.6)	(1,191.4)	(1,294.0)
Proceeds from sale of non current financial assets	164.5	866.9	1,031.4
Net cash inflow from derivative contracts	9.7	5.7	15.4
Cash generated from/(used in) operating activities	158.5	(234.8)	(76.3)
Taxes received	0.9	-	0.9
Net cash generated from/(used in) operating activities	159.4	(234.8)	(75.4)
Net cash used in investing activities	(2.7)	-	(2.7)
Dividends paid	(100.0)	-	(100.0)
Interest paid	(25.8)	(68.0)	(93.8)
Increase in long term borrowings	133.7	363.1	496.8
Repayment of long term borrowings	(140.0)	(10.5)	(150.5)
Purchase of own shares	(48.5)	-	(48.5)
Net cash (used in)/generated from financing activities	(180.6)	284.6	104.0
Net (decrease)/increase in cash	(23.9)	49.8	25.9
Cash and cash equivalents at beginning of period	163.2	190.8	354.0
FX impact on cash	(35.3)	8.5	(26.8)
Cash and cash equivalents at end of period	104.0	249.1	353.1

For the six months ended 30 September 2019

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 and disposal groups	147.4	-	147.4
Purchase of current financial assets and disposal groups	(258.1)	-	(258.1)
Purchase of non current financial assets	(401.7)	(1,043.9)	(1,445.6)
Proceeds from sale of non current financial assets	370.1	963.2	1,333.3
Net cash inflow from derivative contracts	12.1	5.3	17.4
Cash used in operating activities	(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 2019

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 net gains in investments in the Consolidated Income Statement. Dividends or interest earned on the financial asset are included in the net gains on investments line in the Consolidated Income Statement.

Financial assets – non current	30 September 2019 (Unaudited) £m	31 March 2019 (audited) £m
Financial assets held at FVTPL	**6,274.7**	5,647.1
Investments in equity accounted joint ventures	**3.3**	1.8
	6,278.0	5,648.9
Other derivative financial instruments held at FVTPL	**6.1**	3.1
	6,284.1	5,652.0

Included within Financial Assets held at FVTPL is £692.4m (31 March 2019: £772.7m) relating to the Group's 20% investment in ICG Europe Fund V Limited, ICG North American 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 at FVTPL is £38.0m (31 March 2019: £34.7m) relating to the Group's investment in Océinde Communications which is accounted for as an associate designated at FVTPL and £65.5m (31 March 2019: £66.7m) relating to the Group's joint venture investments in Brighton Marina Group Limited and Avanton Richmond Developments Limited.

For the six months ended 30 September 2019

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 2019 (Unaudited) £m**	Fair value as at 31 March 2019 (Audited) £m	**Valuation techniques and inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Level 1 assets					
Investment in funds	**10.7**	10.6	Quoted bid prices in an active market	n/a	n/a
Total	**10.7**	10.6			
Level 2 assets					
Direct investment in portfolio companies	**42.9**	27.8	Internally modelled valuation based on a combination of market prices and observable inputs	n/a	n/a
Investments in loans held in credit funds consolidated under IFRS 10	**4,340.2**	3,803.5	The fair value has been determined using independent broker quotes based on observable inputs	n/a	n/a
Current and non current derivative assets	**60.4**	54.7	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	**4,443.5**	3,886.0			

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 2019 (Unaudited) £m	Fair value as at 31 March 2019 (Audited) £m	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 3 assets					
Direct investments in portfolio companies	**377.1**	342.5	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 8% – 28% and exceptionally as high as 52%. A premium has been applied to nine assets in the range of 1% – 28%. The earnings multiple is generally in the range of 8 – 14 and exceptionally as high as 20 and as low as 6	The higher the adjusted multiple, the higher the valuation
Investments in funds	**1,366.6**	1,334.7	The net asset value (NAV) of the fund is based on the underlying investments which are held as FVTPL assets	The NAV of the underlying fund, typically calculated under IFRS	The higher the NAV, the higher the fair value
Investments in CLO loan notes	**137.2**	128.0	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, 75% recovery rate	Discounted cash flows	The higher the cash flows the higher the fair value. The higher the discount, the lower the fair value
Current financial assets	**9.4**	77.3	Included in current financial assets are direct investments in portfolio companies valued using the earnings based technique and investments in funds using the NAV of the fund.	See direct investment in portfolio companies and investments in funds	See direct investment in portfolio companies and investments in funds
Investments in investment property held in disposal groups held for sale	**263.5**	107.1	During the year the Group held investment property for both capital appreciation and rental yield. Investment properties are held at fair value. The valuation technique applied depends on the strategy and is either a residual method of valuation or a discounted cash flow on rental income and is based on valuations performed by independent third parties. Key inputs include expected property sales proceeds and rental income	Planning permission approval risk, the proportion of affordable housing and the discount applied to rental incomes	The higher the key observable inputs the lower the fair value
Total	**2,153.8**	1,989.6			
Total Assets	**6,608.0**	5,886.2			

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 2019 (Unaudited) £m	Fair value as at 31 March 2019 (Audited) £m	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 2 liabilities					
Borrowings and loans held in credit funds consolidated under IFRS 10	**(3,967.8)**	(3,449.0)	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. The valuation techniques and inputs to estimate the fair value of the Group's holding is consistent with the Investment in CLO loan notes detailed above	Discounted cash flows	The higher the cash flows, the higher the fair value. The higher the discount, the lower the fair value
Current and non current derivative liabilities	**(58.0)**	(59.9)	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	**(4,025.8)**	(3,508.9)			
Level 3 liabilities					
Liabilities directly associated with disposal groups held for sale	**(159.3)**	(76.9)	Borrowings held in disposal groups are measured based on contractual cash flows	n/a	n/a
Total	**(159.3)**	(76.9)			
Total liabilities	**(4,185.1)**	(3,585.8)			

There were no transfers between levels during the period.

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 2019

(Unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Non current financial assets at fair value				
Financial assets designated as FVTPL	**10.7**	**4,383.1**	**1,880.9**	**6,274.7**
Other derivative financial instruments	**-**	**6.1**	**-**	**6.1**
	10.7	**4,389.2**	**1,880.9**	**6,280.8**
Current financial assets at fair value				
Current financial assets	**-**	**-**	**9.4**	**9.4**
Disposal groups held for sale	**-**	**-**	**263.5**	**263.5**
Other derivative financial instruments	**-**	**54.3**	**-**	**54.3**
	-	**54.3**	**272.9**	**327.2**
Financial liabilities at fair value				
Liabilities directly associated with disposal groups held for sale	**-**	**-**	**159.3**	**159.3**
Borrowings and loans held in credit funds consolidated under IFRS 10	**-**	**3,967.8**	**-**	**3,967.8**
Other derivative financial instruments	**-**	**58.0**	**-**	**58.0**
	-	**4,025.8**	**159.3**	**4,185.1**

As at 31 March 2019

(Audited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Non current financial assets at fair value				
Financial assets designated as FVTPL	10.6	3,831.3	1,805.2	5,647.1
Other derivative financial instruments	-	3.1	-	3.1
	10.6	3,834.4	1,805.2	5,650.2
Current financial assets at fair value				
Current financial assets	-	-	77.3	77.3
Disposal groups held for sale	-	-	107.1	107.1
Other derivative financial instruments	-	51.6	-	51.6
	–	51.6	184.4	236.0
Financial liabilities at fair value				
Liabilities directly associated with disposal groups held for sale	-	-	76.9	76.9
Borrowings and loans held in credit funds consolidated under IFRS 10	-	3,449.0	-	3,449.0
Other derivative financial instruments	-	59.9	-	59.9
	-	3,508.9	76.9	3,585.8

4. Financial assets and liabilities continued

The following table only includes financial assets. The only financial liabilities measured subsequently at fair value on Level 3 fair value measurement represent third party debt held in disposal groups held for sale, these are non recurring and are therefore excluded from the below tables.

As at 30 September 2019

Reconciliation of Level 3 fair value measurements of financial assets

(Unaudited)	Financial assets designated at FVTPL £m
At 1 April 2019	**1,805.2**
Total gains or losses in the income statement	
- Realised gains	**(88.2)**
- Fair value gains	**103.1**
- Foreign exchange	**57.2**
Purchases	**84.7**
Realisations	**(81.6)**
Transfer from current financial assets	**0.5**
At 30 September 2019	**1,880.9**

As at 31 March 2019

(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	**(245.2)**	**-**	**(245.2)**
- Fair value gains	**202.7**	**-**	**202.7**
- Foreign exchange	**13.6**	**-**	**13.6**
Total gains or losses in other comprehensive income			
Purchases	**553.0**	**-**	**553.0**
Realisations	**(332.2)**	**-**	**(332.2)**
Transfer between assets	**31.5**		**31.5**
At 31 March 2019	**1,805.2**	**-**	**1,805.2**

During the year to 31 March 2019, IFRS 9 removed the classification of AFS financial assets, the opening balance of £42.2m was reclassified to financial assets designated at FVTPL. In addition the opening balance of £171.1m of loans and receivables previously held at amortised cost was reclassified to FVTPL.

5. Financial risk management

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 2019.

The capital structure comprises debts, which includes the borrowings disclosed in note 5 of audited Group Financial Statements for the year ended 31 March 2019, 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. Fair value 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.

6. Earnings per share

	Six months ended 30 September 2019 (Unaudited) £m	Six months ended 30 September 2018 (Unaudited) £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to the equity holders of the parent	**144.5**	124.0
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**284,681,971**	284,431,888
Effect of dilutive potential ordinary share options	**-**	25,530
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**284,681,971**	284,457,418
Earnings per share	**50.8p**	43.6p
Diluted earnings per share	**50.8p**	43.6p

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 2019	294,084,351	11,218,285
Purchased	82,200	2,772,206
Options/awards exercised	-	(5,083,419)
As at 30 September 2019	**294,166,551**	**8,907,072**

As at 30 September 2018 the total number of shares allotted, called up and in issue was 294,081,838 of which 9,723,829 were held in the own shares reserve.

7. Tax expense

Analysis of tax on ordinary activities	**Six months ended 30 September 2019 (Unaudited) £m**	Six months ended 30 September 2018 (Unaudited) £m
Current tax		
Current period	**4.8**	9.0
Prior year adjustment	**(4.2)**	-
	0.6	9.0
Deferred tax		
Current period	**6.9**	(10.0)
Prior year adjustment	**(1.6)**	-
	5.3	(10.0)
Tax charge/(credit) on profit on ordinary activities	**5.9**	(1.0)

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.

	Six months ended 30 September 2019 (Unaudited) £m	Six months ended 30 September 2018 (Unaudited) £m
Profit on ordinary activities before tax	**153.4**	124.0
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (H1 2019: 19%)	**29.2**	23.6
Effects of:		
Prior year adjustment to current tax	**(4.2)**	-
Prior year adjustment to deferred tax	**(1.6)**	-
Non deductible expenditure	**(2.2)**	0.3
Non taxable income	**(0.1)**	(0.1)
Different tax rates of overseas subsidiaries	**(8.1)**	(18.9)
Changes in statutory tax rates	**(0.3)**	-
Other temporary differences	**(6.8)**	(5.9)
Tax charge/(credit) on profit on ordinary activities	**5.9**	(1.0)

8. Subsidiaries, associates and joint ventures

The following change is of note to the Group's subsidiaries, associates and joint ventures during the period. The Group holds 57.5% of the issued subordinated loan notes of St Paul's CLO XI, the Group is deemed to have significant exposure to the variable returns of the CLO and therefore control the entity. The entity is consolidated within the results of the Group for the period to 30 September 2019.

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 2019 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 8. 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 Guidance 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 2019 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
18 November 2019

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 divided by the weighted average number of ordinary shares as detailed in note 6.</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. As at 30 September, this is calculated as follows:
<table><tr><th></th><th>2019</th><th>2018</th></tr><tr><td>Profit before tax</td><td>£153.4m</td><td>£124.0m</td></tr><tr><td>Less consolidated structured entities</td><td>(£2.4m)</td><td>£55.5m</td></tr><tr><td>Adjusted group profit before tax</td><td>£151.0m</td><td>£179.5m</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.

As at 30 September, this is calculated as follows:
<table><tr><th></th><th>2019</th><th>2018</th></tr><tr><td>Investment Company profit before tax</td><td>£68.4m</td><td>£59.6m</td></tr><tr><td>Less consolidated structured entities</td><td>(£2.4m)</td><td>£55.5m</td></tr><tr><td>Adjusted Investment Company profit before tax</td><td>£66.0m</td><td>£115.1m</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><th></th><th>2019</th><th>2018</th></tr><tr><td>Adjusted profit after tax</td><td>£287.0m</td><td>£340.0m</td></tr><tr><td>Average shareholders’ funds</td><td>£1,364.8m</td><td>£1,308.8m</td></tr><tr><td>Adjusted return on equity</td><td>21.0%</td><td>26.0%</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 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 divided by the weighted average number of ordinary shares as detailed in note 6.</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, this is calculated as follows:</td></tr>
</table>

<table>
<tr><td></td><td></td><td>
<table>
<tr><th></th><th>30 September 2019</th><th>31 March 2019</th></tr>
<tr><td>Gross borrowings</td><td>£5,197m</td><td>£4,633m</td></tr>
<tr><td>Less consolidated structured entities</td><td>(£3,968m)</td><td>(£3,449m)</td></tr>
<tr><td>Adjusted gross borrowings</td><td>£1,229m</td><td>£1,184m</td></tr>
<tr><td>Shareholders’ funds</td><td>£1,411m</td><td>£1,383m</td></tr>
<tr><td>Gearing</td><td>0.87x</td><td>0.86x</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, this is calculated as follows:
<table>
<tr><th></th><th>30 September 2019</th><th>31 March 2019</th></tr>
<tr><td>Total equity</td><td>£1,427m</td><td>£1,394m</td></tr>
<tr><td>Closing number of ordinary shares</td><td>285,259,479</td><td>282,866,066</td></tr>
<tr><td>Net asset value per share</td><td>500p</td><td>493p</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. As at 30 September, this is calculated as follows:
<table>
<tr><th></th><th>30 September 2019</th><th>31 March 2019</th></tr>
<tr><td>Cash</td><td>£104.0m</td><td>£163.2m</td></tr>
<tr><td>Current financial assets</td><td>£116.3m</td><td>£110.7m</td></tr>
<tr><td>Other current assets</td><td>£218.0m</td><td>£215.7m</td></tr>
<tr><td>Current financial liabilities</td><td>(£251.1m)</td><td>-</td></tr>
<tr><td>Other current liabilities</td><td>(£166.7m)</td><td>(£161.5m)</td></tr>
<tr><td>Net current assets</td><td>£20.5m</td><td>£328.1m</td></tr>
</table>
On an IFRS GAAP basis net current assets are as follows:
<table>
<tr><th></th><th>30 September 2019</th><th>31 March 2019</th></tr>
<tr><td>Cash</td><td>£353.1m</td><td>£354.0m</td></tr>
<tr><td>Current financial assets</td><td>£9.4m</td><td>£77.3m</td></tr>
<tr><td>Other current assets</td><td>£307.8m</td><td>£287.1m</td></tr>
<tr><td>Disposal groups held for sale</td><td>£263.5m</td><td>£107.1m</td></tr>
<tr><td>Current financial liabilities</td><td>(£251.1m)</td><td>-</td></tr>
<tr><td>Other current liabilities</td><td>(£424.3m)</td><td>(£367.7m)</td></tr>
<tr><td>Liabilities directly associated with disposal groups held for sale</td><td>(£159.3m)</td><td>(£76.9m)</td></tr>
<tr><td>Net current assets</td><td>£99.1m</td><td>£380.9m</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. As at 30 September, this is calculated as follows:
<table>
<tr><th></th><th>30 September 2019</th><th>31 March 2019</th></tr>
<tr><td>Adjusted gross borrowings</td><td>£1,229.0m</td><td>£1,184.3m</td></tr>
<tr><td>Less unencumbered cash</td><td>(£103.6m)</td><td>(£162.7m)</td></tr>
<tr><td>Net debt</td><td>£1,125.4m</td><td>£1,021.6m</td></tr>
</table>
</td></tr>
<tr><td>Net investment returns</td><td></td><td>Net investment returns is the total of interest income, capital gains, dividend and other income less asset impairments.</td></tr>
<tr><td>Operating cashflow</td><td></td><td>Operating cashflow 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. 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: 2019 / 2018 Fund Management Company Profit: £85.0m / £64.4m Fund Management Company Total Revenue: £164.4m / £132.3m **Operating profit margin: 51.7% / 48.7%**
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.

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.
Core Plus	Core+	Assets which have infrastructure characteristics (physical assets, protected and predictable cash flows) with a slightly higher risk/return profile than Core assets.
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	The 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.
Structured entities		Entities which are classified investment funds, CLO's or CDO's and are deemed to be controlled by the Group, though its interest in either an investment, loan, fee receivable, guarantee or commitment. These entities can also be interchangeably referred to as credit funds.
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	5 December 2019
Record date for interim dividend	6 December 2019
Last date for dividend reinvestment election	19 December 2019
Payment of interim dividend	14 January 2020
Capital Markets Update and Trading Update	30 January 2020
Full year results announcement	19 May 2020