First Half Results
for the 6 months ended 30 September 2012

Embargoed until 7.00am on 21 November 2012

Intermediate Capital Group plc (ICG) announces its first half results for the six months ended 30 September 2012.

Operational Highlights

- AUM up 6% to €12.1bn since year end
- Fundraising for ICG Europe Fund V well above target, with €2.3bn of commitments received to date, including €500m from ICG
- Positive momentum across a number of products
- Portfolio broadly resilient but weaker assets are affected by the prolonged economic slowdown. Provisions against two large assets in the first half as previously disclosed
- New investments by the Investment Company of £157m and repayments of £52m

Financial Highlights

- Group profit before tax of £39.6m compared to £108.8m in the first half of last year (H1 12)
- Fund Management Company profit of £17.2m compared to £17.1m in H1 12
- Investment Company profit of £22.4m compared to £91.7m in H1 12, with net impairments of £64.8m compared to £28.4m in H1 12
- Strong balance sheet with unutilised debt facilities of approximately £442m following a further £80m retail bond issue in September
- Interim dividend of 6.3 pence per share compared to 6.0 pence in H1 12

	Unaudited **6 months to 30 September 2012**	Unaudited 6 months to 30 September 2011	Audited 12 months to 31 March 2012
Fund Management Company profit before tax	**£17.2m**	£17.1m	£37.7m
Investment Company profit before tax	**£22.4m**	£91.7m	£206.1m
Group profit before tax	**£39.6m**	£108.8m	£243.8m
Group profit after tax	**£39.5m**	£85.1m	£187.6m
Earnings per share	**10.3p**	21.6p	47.7p
Cash core income	**£15.2m**	£63.3m	£113.5m
Interim dividend per share	**6.3p**	6.0p	19.0p
Investment portfolio	**£2,344m**	£2,414m	£2,274m
Third party assets under management	**€9,127m**	€9,165m	€8,679m

The definitions for Fund Management Company (FMC), Investment Company (IC), Cash core income, Assets under management (AUM) are available in the Financial Review

Commenting on the results, Christophe Evain, CEO, said:

"The difficult economic climate has negatively impacted our results for the period, leading to provisions for two large assets and a low level of realisations. The remainder of the portfolio is broadly resilient but the economic environment remains volatile.

We are announcing some pleasing progress for our Fund Management Company. The fundraising for ICG Europe Fund V, which is already 15% ahead of our €2bn target at €2.3bn, will result in this Fund being our largest ever mezzanine fund and the largest fund of its type in Europe. This is a considerable achievement in a very difficult fund raising environment and supports our ambition to grow our fund management franchise. Institutional investors are increasing allocations to credit as they recognise the contribution this asset class can make to the overall yield of their portfolio. We are confident that this trend will continue. The success of ICG Europe Fund V, with a highly diversified global investor base, is an endorsement of our strong position in the credit markets and evidence that our recently enhanced distribution capabilities are already delivering benefits."

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About ICG

Founded in 1989, ICG is a specialist asset manager providing mezzanine finance, leveraged credit and minority equity, managing over €12 billion of assets in third party funds and proprietary capital. ICG has a large and experienced investment team operating from its head office in London with a strong local network of offices in Paris, Madrid, Stockholm, Frankfurt, Amsterdam, Hong Kong, Sydney and New York. Its stock (ticker symbol: ICP) is listed on the London Stock Exchange. Further information is available at: www.icgplc.com.

Business Review

Overview

Group profit before tax was £39.6 million compared with £108.8 million in the first half of last year.

The challenging environment provides a difficult backdrop for our portfolio companies. While the performance of our investment portfolio has been broadly resilient, we took material provisions for two large assets which are undergoing restructurings as previously disclosed. Such actions may occur periodically; however, based on the current performance of the portfolio, we do not expect that aggregate net provisions will exceed our long term average of 2.5% of the portfolio per annum over the next two years. In addition, a slow exit market has resulted in a low level of realised capital gains.

Despite this environment we are able to generate attractive investment opportunities and positive momentum on fundraising.

The supply of capital to European mid-market companies is drying up; this provides opportunities to deploy capital on attractive terms. We are seeing a strong deal flow of new investments. In the first six months of the financial year we have invested £469 million on behalf of our mezzanine funds and ICG, more than the £406 million invested in the whole year to 31 March 2012.

We are also delighted with the success of our fifth European mezzanine fund, ICG Europe Fund V, which already has commitments of €2.3 billion, including €500 million from ICG, well above our original target of €2.0 billion, and near its maximum permitted size of €2.5 billion. Through this fundraising, we have successfully broadened our investor base, both geographically and by investor type, providing a solid base for future fundraising. This is an outstanding achievement, particularly in an economic environment that remains difficult.

Our fund management business continues to strengthen as investors increasingly recognise the attractiveness of private debt. We have made considerable progress in fundraising, which has resulted in AUM increasing by 6% to €12.1 billion in the first half of the year, with continued momentum into the second half. ICG Europe Fund V added €410 million to AUM in the first half of the financial year and will add in excess of €800 million in the second half based on commitments received since the end of September.

Market Update

Credit Market

We are seeing a growing number of attractive investment opportunities in our markets.

In Europe, traditional providers of senior debt are increasingly constrained. A considerable imbalance in supply and demand has arisen, providing investors with the potential for attractive risk-adjusted returns. This is particularly true of the mid-market where companies have got less access to syndicated loan and high yield markets.

The total absence of issuance and ever closer expiration periods of Collateralised Loan Obligations (CLOs) are leaving a significant funding gap in syndicated loan markets. Whilst the leveraged buyout (LBO) market continues to be supported by the small part of these CLOs which are still active, we expect that most of this capacity will disappear by the end of 2013. Meanwhile, European banks' abilities to lend are continuing to reduce in response to capital and liquidity constraints. They are also increasingly refocusing on their domestic markets. The high yield market has been strong, allowing larger companies to find alternative sources of finance. We nevertheless have seen volatility in this part of the market, demonstrating there are limitations to this source of finance being the sole answer to the funding gap.

As a result we again see disparity between the decrease in supply and the increase of demand for LBO debt, as well as general corporate debt, which is resulting in an increase in the price of debt capital. We expect this situation to persist for a long period of time.

Risk / return characteristics of private debt assets are now at a very attractive level and, as a result, institutional investors are increasingly attracted by this well protected, well priced and growing asset class. We believe that experienced specialist asset managers, such as ICG, will play a leading role in reshaping the European debt market in the coming years by providing institutional investors' access to higher yielding assets.

By contrast, the US market is fully functional. The unlimited liquidity provided by the Federal Reserve has found its way into the credit markets. A significant volume of new CLOs has been issued and has supported a rebound in the syndicated loan and buyout markets. As a result, our team is seeing growing levels of more traditional mezzanine transactions.

The Asia Pacific market was not dependent on CLOs and has not been affected in a similar way by the crisis. The market is still fully functional and we see a sustained flow of investment opportunities, almost equally balanced between Australia and Asia, with an increasing deal flow from China. We also see an attractive opportunity in the Australian senior debt market where the withdrawal of international banks has left a potentially attractive gap for institutional lenders.

Fundraising market

Overall, it remains a challenging environment to raise capital for new funds. Macroeconomic uncertainties have led to a very high degree of prudence on the part of fund investors. However, private debt strategies are now increasingly capturing their attention as predictable yields do figure very high on their agendas. We have seen increasing demand from institutional investors such as pension schemes, insurance companies and sovereign wealth funds, for high quality investment opportunities and our fundraising programme for ICG Europe Fund V has been extremely successful, with a wider variety of investors across new geographies.

We continue to raise funds for a number of other investment products and are finding that our long-term track record, combined with our specific investment propositions and higher yield strategies are resonating well with potential investors who are searching for a combination of active management, credit quality and attractive yield. Investment decisions continue to take longer in volatile markets and require higher levels of due diligence, favouring established fund managers.

Strategic Priorities

Our strategy remains:

1. Grow our Fund Management Company
2. Invest selectively
3. Manage our portfolio to maximise value

1. Grow our Fund Management Company

AUM has grown 6% over the period to €12.1 billion, up from €11.4 billion at 31 March 2012. This includes €9.1 billion of third party funds.

Mezzanine and equity funds
Third party mezzanine and equity funds under management have increased by 9% to €4,035 million primarily due to ICG Europe Fund V which added €410 million in H1. This positive momentum is expected to continue in H2 as ICG Europe Fund V will contribute at least a further €800 million.

ICG Europe Fund V has received commitments of €2.3 billion to date, exceeding the original target of €2.0 billion. The total comprises a €500 million ICG commitment and €1.8 billion of third party commitments. The amount raised from third parties represents a 50% increase on our previous fund (ICG Europe Fund 2006) despite a challenging fundraising market. It is the largest European fund of its kind raised since 2007. This success should give momentum for fund raisings across products and geographies.

ICG Europe Fund V will have a significant impact on our ten year earnings with a run rate over the five year investment period of €23.0 million per annum, gradually reducing over the following five years as we realise the Fund.

As a result of our enhanced distribution capability globally, ICG Europe Fund V has a more geographically balanced investor base than its predecessor funds which were predominantly raised from European institutions. Our investor base has also been further strengthened by the type of investors, with a much smaller portion of commitments from capital constrained banks. These have been replaced by traditional institutional investors, such as pension and sovereign wealth funds. We are also very pleased that the geographical diversity of our investor base has increased and is now almost evenly split between the USA, Europe and Asia Pacific. This provides a stronger base for future fundraising.

Our older European funds, which are in realisation, continue to generate solid performance.

Our Asia Pacific Funds I and II also continue to perform strongly. Fund II is currently 61% invested, completed another deal in the period and has a strong pipeline.

ICG Longbow

Our investment in a majority stake in Longbow Real Estate Capital, since rebranded ICG Longbow, is delivering ahead of expectations.

ICG Longbow's mezzanine fund, Longbow UK Real Estate Debt Investments, which was raised in 2010 and received £242 million of commitments including £50 million from ICG, is now fully invested and performing well. We have launched its successor fund and we expect to reach a first close in the second half of the financial year. The fund targets commitments of £500 million, including £50 million from ICG.

Similarly to the European LBO financing market, the UK real estate market is experiencing a material funding gap in senior debt. ICG Longbow is reviewing options to capture this opportunity through a dedicated structure, capitalising on the team's strong track record and extensive sourcing network.

Credit funds

AUM for our Credit funds have increased by 3% to €5,092 million. We have successfully launched new funds and have also seen an increase in AUM of €186 million from segregated funds, which have more than offset the run off of our older CLO Funds.

Our Total Credit Fund was launched on 13 July 2012 with €50 million of seed capital from ICG and €17 million of third party funds. This has shown a strong performance to date with a 6.3% increase in NAV since launch. The Fund is generating growing interest from investors and consultants.

Our High Yield Bond Fund continues to build on its very strong track record, generating a gross return of 16% in the calendar year to date and 35% since its inception on 31 December 2009. This is a testament to our ability to pick the right credits.

Our Senior Debt Partners team is also making progress in its fund-raising efforts and we have received initial commitments from institutional investors. We expect a first close in the first half of calendar year 2013.

2. Invest Selectively

The level of transactions in the European market overall has been very low given an uncertain economic outlook and the lack of availability of senior debt. However, our local network of experienced investment professionals has been able to generate proprietary transactions in a slow market, with three European deals in the first half of the financial year.

We supported a management led secondary LBO of Symington's, a UK food business with a focus on value and convenience products. In addition, we solely financed the acquisition of Esmalglass by Investcorp. Esmalglass is a leading supplier of key intermediate products for the ceramics industry worldwide with significant exposure to emerging markets. In addition, we acquired a £256 million portfolio of performing loans from a European bank on attractive terms.

Our Asia Pacific and US teams have also completed one transaction each in the period.

In Asia Pacific, we supported the acquisition of SCF, a leading provider of specialist containers in the Australian market. This is the second ICG sponsorless transaction in Australia, following our investment in Melbourne based bus company Ventura Motors in the final quarter of last year.

In the US, we have backed KRG Capital Partners' acquisition of Convergint Technologies, investing in subordinated debt and equity. Convergint Technologies is one of the leading commercial security and life safety systems integrators in North America. These systems and sophisticated application software are integrated into clients' enterprise systems to create business efficiencies, meet regulatory requirements and provide safe working environments.

As a result, we deployed £469 million over the period, including £157 million for our Investment Company.

Repayments over the period were at a low level given the slowness of the European LBO market. We realised three assets leading to repayments of £52 million for the IC.

Overall we have seen a net increase of £105 million for the IC over the period compared to a decrease in portfolio of £243 million in the twelve months to 31 March 2012 when realisations were running at a higher pace and a lower level of new transactions was achieved.

Our current pipeline of new investments is strong and, although we are extremely selective, we expect this positive momentum to carry through the second half.

3. Manage our portfolio to maximise value

Across the market private equity sponsors are actively looking to exit a number of their investments but visibility on timing remains unclear, as transactions are often delayed due to a valuation gap between buyers and sellers, in the current volatile environment. This will have a positive impact on our overall return on investment as our mezzanine financing runs for longer than historical averages, but in the shorter term there will be lower levels of realisations. However, in the medium term current sponsors will have to return cash to their investors and therefore realise assets.

The performance of the Investment Company's investment portfolio has shown resilience. 58% of our portfolio companies by number (62% on a weighted average basis) are performing above or at the same level as the previous year despite the continuing challenging economic conditions. Our weaker assets remain the same but have been more negatively affected by the prolonged economic slowdown. As a result, we have taken asset specific impairments in the first half of this year. This has resulted in provisions being above our long term average for the period. This may occur periodically; however, based on the current performance of the portfolio, we do not expect that aggregate net provisions will exceed our long term average of 2.5% of the portfolio per annum over the next two years.

With an average leverage of 4.7 times EBITDA our portfolio is much better positioned to withstand economic pressure than in late 2008 where overall leverage was 5.8 times. Our performing legacy portfolio (excluding impaired assets) has de-levered from 5.7 times to 4.1 times since the previous crisis and equity sponsors have strengthened the businesses by focussing on profitability and cash generation. Our new investments are all performing well and were structured with a conservative level of leverage.

Our 20 largest assets which account for 50% of our portfolio by value are performing well. Our equity portfolio is also showing resilience, resulting in an uplift in value of £51 million in the first half of the financial year.

The first half results were negatively impacted by material provisions against two large assets which are undergoing restructurings. This resulted in gross provisions of £86.1 million of which £70.2 million related to these two assets, compared to £39.6 million in the first half of last financial year. After write-backs on two investments which saw a strong operational recovery during the period net impairments for the 6 months to 30 September 2012 were £64.8 million compared to £28.4 million in the prior period.

Outlook

We remain fully focused on extracting value from our existing portfolio and given the uncertain outlook for the economic environment, we actively seek to protect our investments in weaker assets. We are benefitting from a strong pipeline and will continue to be highly selective when it comes to new investments. We will use our extensive local network, well established relationships and existing portfolio to invest in new transactions where we see the best value.

ICG is uniquely positioned to take advantage of the favourable dynamics in the credit market through our local network and positioning as a mid-market credit specialist.

The imbalance between demand and supply of credit will continue to provide opportunities to generate superior returns, underpinned by solid yield, across our asset classes.

The success of recent fundraising supports our ambition to grow our fund management franchise, first set out in March 2010. The enhancement of our distribution capabilities has assisted in the global success of ICG Europe Fund V, and the further strengthening of the team under the leadership of Andreas Mondovits will help us build on this initial momentum. We are now well positioned to deliver AUM growth.

Financial Review

Unless stated otherwise, financial information provided in relation to income, expenses, cashflows and profit and losses is for the six month period to 30 September 2012 (comparative information is for the six month period to 30 September 2011) and balance sheet and AUM information provided is as at 30 September 2012 (comparatives as at 31 March 2012).

Definitions

ICG has two business segments, the Fund Management Company (FMC) and Investment Company (IC).

The FMC is the Group's operating unit and incurs the costs associated with the investment executives, office network and infrastructure departments. Infrastructure costs principally consist of the distribution team and information technology.

The IC is the investment unit of ICG plc. It co-invests alongside third party funds, primarily in mezzanine and equity assets. The IC is charged 1% of the carrying value of the investment portfolio as a fee by the FMC for managing the portfolio. The IC incurs all costs associated with being a listed entity.

The Group defines its assets under management (AUM) as the total cost of assets owned, managed and advised by the Group plus commitments to its managed and advised funds, in addition to debt facilities for the funds. Third party AUM is presented in Euros reflecting the principal underlying currency.

Return on equity (ROE) is defined as profit after tax divided by average shareholder funds for the period.

Cash core income is defined as profit before tax excluding fair value movement on derivatives less realised and unrealised capital gains, impairments and unrealised rolled up interest.

Pre incentive cash profit is defined as profit before tax excluding performance related bonuses and fair value movement on derivatives, less unrealised accrued rolled up interest and unrealised gains.

Overview

The Group profit before tax for the period was £39.6 million (2012: £108.8 million). This comprises profit before tax of the FMC of £17.2 million (2012: £17.1 million) and profit before tax of the IC, including fair value movement on derivatives, of £22.4 million (2012: £91.7 million). The decrease in Group and IC profit before tax for the period is due in part to a higher level of impairments in the current period.

The Group generated a ROE of 5.5% (2012:13.0%) and earnings per share for the period were 10.3 pence (2012: 21.6 pence). Cash core income for period was £15.2 million (2012: £63.3 million) due to a lower level of realised rolled up interest.

The tax charge in the period includes a £9 million credit relating to termination payments made in the period under the Medium Term Incentive Scheme (MTIS).

The Board has declared an interim dividend of 6.3 pence per share (2012: 6.0 pence).

At 30 September 2012 the Group had drawn debt of £1.1 billion and undrawn debt facilities of £442 million. The Group signed three bank facilities in the period totalling £640 million which extended the Group's committed bank facilities to June 2016. The focus of the Group to further diversify its funding sources was demonstrated by the completion of its second retail bond of £80 million in September this year. This instrument has a maturity of 8 years and bears interest at 6.25%. The Group continues to be active in exploring alternative sources of funding to support its business strategy.

Profit and loss account

Fund Management Company

Profit before tax for the FMC was £17.2 million (2012: £17.1 million).

Assets under management
AUM at 30 September 2012 increased by 6% to €12,074 million (£9,604 million) (2012: €11,408 million (£9,507 million)). However, the appreciation of sterling against the Euro has negatively impacted AUM, denominated in GBP by 5%, compared to 31 March 2012.

The net increase in third party AUM in the period was 5% to €9,127 million (2012: €8,679 million). This increase comprised €756 million of new funds raised offset by €342 million of realisations and a €34 million positive impact of foreign exchange on the value of the Group's non Euro denominated funds.

Mezzanine funds AUM, including ICG Longbow, have increased by 9% to €4,035 million (2012: €3,714 million) primarily due to additional funds raised on ICG Europe Fund V of €410 million bringing its AUM to €1.0 billion at 30 September 2012. Further commitments to date on ICG Europe Fund V will add a further €0.8 billion to AUM in the second half of the year.

ICG Longbow raised an additional €88 million of funds, bringing AUM to €311 million. In total, mezzanine funds raised were €498 million, partially offset by €212 million of realisations.

Credit funds AUM have increased by 3% to €5,092 million (2012: €4,965 million). Realisations of €130 million, as ICG's older CLOs continue to reduce as assets are realised, have been more than offset by new funds raised in the period of €258 million. In the period the Group launched its Total Credit Fund, with AUM of €72 million and AUM from private mandates increased by €186 million.

Credit Funds AUM includes €129 million (£103 million) (2012: €73 million (£61 million)) of seed equity provided by the ICG Group. The increase in seed capital is principally due to €50 million seed capital invested in ICG's Total Credit Fund and an increase in value of the seed capital in ICG's high yield bond and loan funds reflecting higher asset prices in the market.

The portfolio of the Investment Company stood at €2,947 million (£2,344 million) (2012: €2,729 million (£2,274 million)).

Fee income
Fee income, including the IC management fee of £11.2 million (2012: £12.6 million), increased by 4% to £44.8 million for the period (2012: £42.9 million). Fee income from third parties increased by 11% to £33.6 million (2012: £30.3 million).

Mezzanine and equity funds fee income totalled £24.6 million (2012: £18.1 million), including £0.3 million of carried interest (2012: £2.1 million) from ICG Mezzanine Fund 2003. Excluding carried interest, the increase in fee income from mezzanine and equity funds is 52%. This increase is due to fee income contributed by ICG Europe Fund V of £8.4 million in the period (2012: £0.5 million), including catch up fees paid in respect of prior periods of £3.2 million.

Credit funds fee income was £9.0 million (2012: £12.2 million). Fee income in the prior period included a catch up on deferred subordinated fees from financial year 2011 of £1.8 million. Fee income on ICG's older CFM funds continues to decrease as they are in realisation.

Other income
Other income in the period was £0.5 million (2012: £2.4 million) as less income has been distributed to equity holders of our CLOs.

Operating expenses
Operating expenses of the FMC were £27.9 million (2012: £28.0 million). Salaries, excluding incentive schemes, and administrative expenses were £20.7 million (2012: £18.9 million) following the growth of the marketing and distribution team.

Investment Company

Profit before tax for the IC, excluding fair value movement of derivatives held for hedging purposes, was £23.9 million (2012: £83.6 million) in the first half of last year.

Balance sheet investments
The balance sheet investment portfolio, excluding £102.7 million of seed equity in ICG's Credit funds and £15.4 million of debt held in ICG's Credit funds, of £2,344 million has increased by 3% (2012: £2,274 million).

In the period the balance sheet invested £156.7 million, of which £21.1 million were follow-on investments. This excludes seed equity. New investments in the period include Symington's, Esmalglass and an investment in a portfolio of senior loans in Europe, SCF in Asia and Convergint in the US.

Repayments in the period totalled £51.5 million, principally arising on the exit of Dako and a partial repayment of Press Ganey. This results in a net increase in the portfolio of £105.2 million. Roll up received on repayments was £10.0 million.

In addition, the sterling value of the portfolio decreased by £72.6 million due to movements in foreign exchange rates. Sterling denominated assets account for only 12% of the portfolio, with 64% of the portfolio euro denominated and 12% US dollar denominated.

The investment portfolio comprises £1,201 million (51%) of senior mezzanine and senior debt, £380 million of junior mezzanine investments (16%), £763 million of equity investments (33%) (excluding amounts invested in ICG's credit funds). The equity comprises £371 million of non-interest bearing equity and £392 million of interest bearing equity.

The average value of the IC portfolio decreased to £2,246 million (Six months to 30 September 2011: £2,517 million).

Net interest income
Net interest income of £79.8 million (2012: £98.5 million) comprises interest income of £107.7 million (2012: £129.0 million) less interest expense of £27.9 million (2012: £30.7 million). Interest income includes cash interest income of £39.0 million (2012: £46.0 million) and rolled up interest income of £68.7 million (2012: £83.0 million).

Of the £21.3 million decrease in interest income in the period, £6 million is due to one off items including the impact of early repayments and income recognised as a result of the release of impairments. £11 million is the impact arising from the decrease in the average value of the IC portfolio in the period as a result of net repayments in the twelve months to 30 September 2012.

Interest expense, excluding fair value movement on derivatives, is £27.9 million (2012: £30.7 million).

Other income
Other income, principally waiver and prepayment fees, amounted to £0.7 million (2012: £0.7 million).

Operating expenses
Operating expenses comprise salaries and benefits, incentive scheme costs, administrative costs and the management fee on balance sheet investments and were £24.1 million (2012: £30.7 million). The cost of remuneration schemes was £9.4 million (2012: £15.0 million), and has decreased following the termination of the Medium Term Incentive Scheme. The management fee on balance sheet investments for the period was £11.2 million (2012: £12.6 million) due to a lower average value of the IC's portfolio over the six month period. Other administrative expenses, including salaries and benefits increased to £3.5 million (2012: £3.1 million).

Capital gains
Capital gains in the period totalled £32.0 million (2012: £42.1 million) of which £10.7 million were realised gains (2012: £10.1 million). Unrealised capital gains in the period were £21.3 million (2012: £32.0 million) following the change in our valuation methodology in the previous financial year.

Impairments
Net impairments for the period were £64.8 million (2012: £28.4 million). Gross provisions amounted to £86.1 million (2012: £39.6 million) and recoveries were £21.3 million (2012: £11.2 million). Provisions were taken on

four assets, including £11.7 million relating to impairments of shareholder loans and £70.2 million relating to two large mezzanine assets. The Group wrote back the provisions on two investments which saw a strong operational recovery during the period.

Group cash flow, debt and capital position

Operating cash flow
Operating cash flow, excluding MTIS payments, for the period was £12.4 million (2012: £62.7 million).

Interest income received during the first half of the year was £46.7 million (2012: £102.4 million). Over the period, realisation of rolled up interest decreased to £10.0 million (2012: £58.6 million) due to the lower level of realisations. Interest expense was £30.6 million (2012: £25.5 million), including £9.9 million of fees paid on arrangement of bank facilities. This resulted in a positive cash spread of £16.1 million (2012: £76.9 million). Dividend income was £0.6 million (2012: £3.7 million).

Third party fee income received amounted to £36.1 million (2012: £29.8 million). Operating expenses were £79.4 million (2012: £101.8 million), including final payments in respect of MTIS of £39.0 million (2012: £54.1 million).

Cash flow relating to capital gains
Cash flow relating to capital gains was £10.7 million (2012: £11.8 million).

Free cash flow and investment activity
Tax expense paid was £29.9 million (2012: £41.5 million). Following repayments, syndication proceeds and recoveries of £66.0 million, (2012: £161.0 million) free cash flow prior to investments and dividends was £20.2 million (2012: £139.9 million). Free cash flow plus an increase in borrowings of £222.2 million was used primarily to finance the purchase of investments of £197.0 million (2012: £82.7 million).

Capital and debt position
Shareholders' funds increased by 1% to £1,467.2 million (2012: £1,450.7 million). This included a net uplift to reserves of £27.4 million as a result of movements in the fair value of unlisted shares.

Net debt was £1,121 million (2012: £957 million). Net debt to shareholders' funds at 30 September 2012 was therefore 76% compared to 66% at 31 March 2012.

Financial outlook

For the FMC, performance will benefit from the fee income generated by our new European mezzanine fund, ICG Europe Fund V, which has exceeded its fundraising target and the new credit fund product launches. The expansion of the distribution team nears completion, which will further enhance the Group's fundraising ability.

For the IC, we expect net interest income to be resilient. The volatility in capital markets and the uncertainty in the economic outlook could result in a continued low level of realisations in the second half, although a number of processes are ongoing. Our weaker assets are more negatively affected by the challenging economic environment. We do not however expect, based on the current performance of the portfolio, that aggregate net provisions will exceed our long term average of the portfolio per annum over the next two years. As provisions are asset specific there could however be periods when provisions are above this long term average.

Going concern statement

The Directors have prepared the condensed consolidated interim 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 the extension of the Group's bank facilities and raising a retail bond in the period, and after reviewing the Group's latest forecasts for a period of 18 months from the period end.

Principal risks and uncertainties

Details of the principal risks and uncertainties facing the Group were set out in the risk review on pages 32 to 35 of the 2012 Report and Accounts, a copy of which is available on our website (www.icgplc.com).

The principal risks and uncertainties identified in the 2012 Annual Report, and the policies and procedures for minimising these risks and uncertainties remain unchanged and each of them has the potential to affect the Group's results during the remainder of the year ending 31 March 2013. These risks remain as; credit risk, fundraising risk, liquidity and funding risk, general market conditions, interest rate risk, foreign exchange risk, concentration risk, loss of staff and regulatory risk.

In light of the on-going uncertainties surrounding the Euro, the Directors believe the most significant risk for the Group's balance sheet is in the valuation of the portfolio companies. Of these less than 10% of the balance sheet exposure is directly with the most vulnerable Euro economies, namely Spain and Italy, with no exposure to Greece, Ireland or Portugal. In the event that one of these countries were to leave the Euro it is likely that there would be a reduction in value of the portfolio that would have a currently unquantifiable impact on the Group. The Group's revenue and financial assets owned by geography are disclosed in note 2 to the condensed financial statements.

Philip Keller
CFO
21 November 2012

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting”;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

By order of the Board,

Justin Dowley
Chairman

Philip Keller
CFO

21 November 2012

Condensed consolidated income statement

for the six months ended 30 September 2012

	Six months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Interest and dividend income	**108.3**	132.8	251.3
Gains on investments	**32.0**	42.1	118.0
Fee and other operating income	**34.3**	31.0	68.2
	174.6	205.9	437.5
Interest payable and other related financing costs	**(29.4)**	(22.6)	(58.8)
	145.2	183.3	378.7
Provisions for impairment	**(64.8)**	(28.4)	(70.6)
Administrative expenses	**(40.8)**	(46.1)	(64.3)
Profit before tax	**39.6**	108.8	243.8
Tax	**(0.1)**	(23.7)	(56.2)
Profit for the period	**39.5**	85.1	187.6
Attributable to:			
Equity holders of the parent	**39.8**	85.4	188.3
Non controlling interests	**(0.3)**	(0.3)	(0.7)
	39.5	85.1	187.6
Earnings per share	**10.3p**	21.6p	47.7p
Diluted earnings per share	**10.3p**	21.6p	47.6p

All activities represent continuing operations.

Condensed consolidated statement of comprehensive income

for the six months ended 30 September 2012

	Six months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Profit for the period	**39.5**	85.1	187.6
Available for sale financial assets:			
Gains arising in the period	**27.4**	114.2	148.9
Less reclassification adjustment for gains included in profit	**(5.6)**	(15.3)	(48.3)
Exchange differences on translation of foreign operations	**(0.4)**	0.5	(0.2)
Tax on items taken directly to or transferred from equity	**(3.4)**	(18.8)	(23.1)
Other comprehensive income for the period	**18.0**	80.6	77.3
Total comprehensive income for the period	**57.5**	165.7	264.9
Attributable to:			
Equity holders of the parent	**57.8**	166.0	265.6
Non controlling interests	**(0.3)**	(0.3)	(0.7)
	57.5	165.7	264.9

Condensed consolidated statement of financial position

as at 30 September 2012

	30 September 2012 (unaudited) £m	30 September 2011 (unaudited) £m	31 March 2012 (audited) £m
Non current assets			
Intangible assets	**7.2**	8.4	7.8
Property, plant and equipment	**5.2**	6.1	5.6
Financial assets: loans, investments and warrants	**2,462.2**	2,545.1	2,352.2
Derivative financial assets	**23.0**	25.5	21.6
	2,497.6	2,585.1	2,387.2
Current assets			
Trade and other receivables	**43.2**	62.4	47.1
Financial assets: loans and investments	**37.3**	70.8	49.7
Derivative financial assets	**8.7**	29.5	12.8
Cash and cash equivalents	**145.4**	143.9	159.3
	234.6	306.6	268.9
Total assets	**2,732.2**	2,891.7	2,656.1
Equity and reserves			
Called up share capital	**80.2**	79.9	80.0
Share premium account	**669.1**	666.7	668.0
Capital redemption reserve	**1.4**	1.4	1.4
Own shares reserve	**(36.4)**	(33.0)	(33.0)
Other reserves	**156.9**	122.0	125.9
Retained earnings	**596.0**	529.4	608.3
Equity attributable to owners of the Company	**1,467.2**	1,366.4	1,450.6
Non controlling interest	**-**	(0.1)	0.1
Total equity	**1,467.2**	1,366.3	1,450.7
Non current liabilities			
Provisions	**3.6**	4.7	3.9
Financial liabilities	**884.2**	1,032.0	892.5
Derivative financial liabilities	**1.3**	5.4	3.7
Deferred tax liabilities	**43.7**	26.7	43.3
	932.8	1,068.8	943.4
Current liabilities			
Provisions	**0.6**	-	0.5
Trade and other payables	**62.9**	134.3	124.1
Financial liabilities	**241.0**	258.7	83.6
Current tax	**26.7**	57.5	52.6
Derivative financial liabilities	**1.0**	6.1	1.2
	332.2	456.6	262.0
Total liabilities	**1,265.0**	1,525.4	1,205.4
Total equity and liabilities	**2,732.2**	2,891.7	2,656.1

Condensed consolidated statement of cash flows

for the six months ended 30 September 2012

	Six months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Operating activities			
Interest received	**46.7**	102.4	198.1
Fee received	**36.1**	29.8	70.9
Dividends received	**0.6**	3.7	9.0
Gain on disposals	**10.7**	11.8	78.7
Interest payments	**(30.6)**	(25.5)	(50.4)
Cash payments to suppliers and employees	**(79.4)**	(101.8)	(126.4)
Sale/(purchase) of current financial assets	**10.8**	(33.8)	(16.0)
Purchase of loans and investments	**(197.0)**	(82.7)	(121.9)
Recoveries on previously impaired assets	**0.1**	–	4.6
Proceeds from sale of loans and investments	**55.1**	194.8	380.0
Taxes paid	**(29.9)**	(41.5)	(66.6)
Net cash (used in)/generated from operating activities	**(176.8)**	57.2	360.0
Investing activities			
Purchase of property, plant and equipment	**(0.7)**	(0.5)	(1.4)
Net cash used in investing activities	**(0.7)**	(0.5)	(1.4)
Financing activities			
Dividends paid	**(50.5)**	(46.4)	(68.9)
Increase/(decrease) in long term borrowings	**169.5**	57.7	(249.7)
Net cash in/(out) flow from derivative contracts	**52.7**	(47.6)	(8.9)
Purchase of own shares	**(4.0)**	(16.9)	(16.8)
Capital contributions from non controlling interest	**0.1**	–	0.2
Proceeds on issue of shares	**1.3**	0.7	1.3
Net cash from/(used in) financing activities	**169.1**	(52.5)	(342.8)
Net (decrease)/increase in cash	**(8.4)**	4.2	15.8
Cash and cash equivalents at beginning of period	**149.8**	140.9	140.9
Foreign exchange	**(5.5)**	(1.2)	(6.9)
Cash and cash equivalents at end of period	**135.9**	143.9	149.8

Cash and cash equivalents	**145.4**	143.9	159.3
Bank overdraft	**(9.5)**	–	(9.5)
Net Cash and cash equivalents	**135.9**	143.9	149.8

Condensed consolidated statement of changes in equity

for the six months ended 30 September 2012

	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale reserve £m	Own shares £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Balance at 31 March 2012	80.0	668.0	1.4	24.7	101.2	(33.0)	608.3	1,450.6	0.1	1,450.7
Profit for the period	–	–	–	–	–	–	39.8	39.8	(0.3)	39.5
Available for sale (AFS) financial assets	–	–	–	–	21.8	–	–	21.8	–	21.8
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(0.4)	(0.4)	–	(0.4)
Tax relating to components of other comprehensive income	–	–	–	–	(3.4)	–	–	(3.4)	–	(3.4)
Total comprehensive income for the period	–	–	–	–	18.4	–	39.4	57.8	(0.3)	57.5
Own shares acquired in period	–	–	–	–	–	(4.0)	–	(4.0)	–	(4.0)
Share options exercised	0.2	1.1	–	–	–	–	–	1.3	–	1.3
Vesting of share schemes	–	–	–	–	–	0.6	–	0.6	–	0.6
Net loss on consideration paid in the form of shares	–	–	–	0.2	–	–	(1.2)	(1.0)	–	(1.0)
Capital contribution	–	–	–	–	–	–	–	–	0.2	0.2
Credit for equity settled share schemes	–	–	–	12.4	–	–	–	12.4	–	12.4
Dividends paid	–	–	–	–	–	–	(50.5)	(50.5)	–	(50.5)
Balance at 30 September 2012 (unaudited)	**80.2**	**669.1**	**1.4**	**37.3**	**119.6**	**(36.4)**	**596.0**	**1,467.2**	**–**	**1,467.2**

Condensed consolidated statement of changes in equity continued

for the six months ended 30 September 2012

	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale reserve £m	Own shares £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Balance at 31 March 2011	79.8	665.7	1.4	13.1	23.7	(23.8)	490.3	1,250.2	0.2	1,250.4
Profit for the period	–	–	–	–	–	–	85.4	85.4	(0.3)	85.1
AFS financial assets	–	–	–	–	98.9	–	–	98.9	–	98.9
Exchange differences on translation of foreign operations	–	–	–	–	–	–	0.5	0.5	–	0.5
Tax relating to components of other comprehensive income	–	–	–	–	(18.8)	–	–	(18.8)	–	(18.8)
Total comprehensive income for the period	–	–	–	–	80.1	–	85.9	166.0	(0.3)	165.7
Own shares acquired in period	–	–	–	–	–	(12.8)	–	(12.8)	–	(12.8)
Scrip dividend	–	0.4	–	–	–	–	–	0.4	–	0.4
Share options exercised	0.1	0.6	–	–	–	–	–	0.7	–	0.7
Vesting of share schemes	–	–	–	–	–	3.6	–	3.6	–	3.6
Net loss on consideration paid in the form of shares	–	–	–	(1.5)	–	–	–	(1.5)	–	(1.5)
Credit for equity settled share schemes	–	–	–	6.6	–	–	–	6.6	–	6.6
Dividends paid	–	–	–	–	–	–	(46.8)	(46.8)	–	(46.8)
Balance at 30 September 2011 (unaudited)	79.9	666.7	1.4	18.2	103.8	(33.0)	529.4	1,366.4	(0.1)	1,366.3

Condensed consolidated statement of changes in equity continued

for the six months ended 30 September 2012

	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale reserve £m	Own shares £m	Retained earnings £m	Total £m	Non controlling interest £m	Total Equity £m
Balance at 31 March 2011	79.8	665.7	1.4	13.1	23.7	(23.8)	490.3	1,250.2	0.2	1,250.4
Profit for the year	–	–	–	–	–	–	188.3	188.3	(0.7)	187.6
AFS financial assets	–	–	–	–	100.6	–	–	100.6	–	100.6
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Tax relating to components of other comprehensive income	–	–	–	–	(23.1)	–	–	(23.1)	–	(23.1)
Total comprehensive income for the year	–	–	–	–	77.5	–	188.1	265.6	(0.7)	264.9
Own shares acquired in the year	–	–	–	–	–	(12.8)	–	(12.8)	–	(12.8)
Scrip dividend	0.1	1.1	–	–	–	–	–	1.2	–	1.2
Share options exercised	0.1	1.2	–	–	–	–	–	1.3	–	1.3
Vesting of share schemes	–	–	–	–	–	3.6	–	3.6	–	3.6
Net loss on consideration paid in the form of shares	–	–	–	(1.5)	–	–	–	(1.5)	–	(1.5)
Capital contribution	–	–	–	–	–	–	–	–	0.6	0.6
Credit for equity settled share schemes	–	–	–	13.1	–	–	–	13.1	–	13.1
Dividends paid	–	–	–	–	–	–	(70.1)	(70.1)	–	(70.1)
Balance at 31 March 2012 (audited)	80.0	668.0	1.4	24.7	101.2	(33.0)	608.3	1,450.6	0.1	1,450.7

1 Basis of preparation and significant accounting policies

(i) General information

The condensed set of financial statements included in this half yearly financial report have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, and on the basis of the accounting policies and methods of computation set out in the consolidated financial statement of the Group for the year ended 31 March 2012. The financial statements have been prepared on the historical cost basis as modified to include the fair valuation of certain financial instruments.

The comparative figures for the financial year ended 31 March 2012 are not the Group's statutory accounts for the financial year. 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 2012 which were prepared under International Financial Reporting Standards as adopted by the EU are available on the Group's website, www.icgplc.com.

(ii) Going concern

The Directors have prepared the consolidated interim financial statements on a going concern basis which requires the Directors 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 the extension of the Group's bank facilities and raising a retail bond in the period, and after reviewing the Group's latest forecasts for a period of 18 months from the period end.

(iii) Related party transactions

There have been no material changes to the nature or size of related party transactions since 31 March 2012.

2. Segment information

The Group has two business segments, the Fund Management Company (FMC) and Investment Company (IC). The information disclosed overleaf is consistent with that used by the Executive Committee to allocate resources and assess the performance of the business.

The FMC is the Group's operating unit and consequently incurs the costs associated with the investment executives, office network and infrastructure departments. Infrastructure costs principally consist of the distribution team and information technology.

The IC is charged 1% of the carrying value of the investment portfolio as a fee by the FMC for managing the portfolio. In addition, the IC incurs all costs associated with being a listed entity. The costs of the Managing Directors are split evenly between the two business units.

Notes to the Half Year Report continued

for the six months ended 30 September 2012

2. Segment information continued

(i) Analysis of income and profit before tax

Six months ended 30 September 2012 (unaudited) (£m)	Mezzanine Fund Management Europe	Asia	US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	21.2	3.4	–	9.0	33.6	–	33.6
Inter segmental fee	9.4	1.2	0.4	0.2	11.2	(11.2)	–
Fund management fee income	30.6	4.6	0.4	9.2	44.8	(11.2)	33.6
Other operating income					–	0.7	0.7
Gains on investments					–	32.0	32.0
Net interest income					(0.2)	80.0	79.8
Dividend income					0.5	0.1	0.6
Net fair value loss on derivatives held for hedging purposes					–	(1.5)	(1.5)
					45.1	100.1	145.2
Provisions for impairment					–	(64.8)	(64.8)
Staff costs					(9.9)	(1.5)	(11.4)
Incentive scheme costs					(7.2)	(9.4)	(16.6)
Other administrative expenses					(10.8)	(2.0)	(12.8)
Profit before tax					17.2	22.4	39.6

Six months ended 30 September 2011 (unaudited) (£m)	Mezzanine Fund Management Europe	Asia	US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	14.7	3.4	–	12.2	30.3	–	30.3
Inter segmental fee	10.6	1.0	0.4	0.6	12.6	(12.6)	–
Fund management fee income	25.3	4.4	0.4	12.8	42.9	(12.6)	30.3
Other operating income					–	0.7	0.7
Gains on investments					–	42.1	42.1
Net interest income					(0.2)	98.5	98.3
Dividend income					2.4	1.4	3.8
Net fair value gain on derivatives held for hedging purposes					–	8.1	8.1
					45.1	138.2	183.3
Provisions for impairment					–	(28.4)	(28.4)
Staff costs					(9.0)	(1.5)	(10.5)
Incentive scheme costs					(9.1)	(4.5)	(13.6)
Medium Term Incentive Scheme					–	(10.5)	(10.5)
Other administrative expenses					(9.9)	(1.6)	(11.5)
Profit before tax					17.1	91.7	108.8

2. Segment information continued

(i) Analysis of income and profit before tax (continued)

Year ended 31 March 2012 (audited) (£m)	Mezzanine Fund Management Europe	Asia	US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	36.7	6.8	–	23.2	66.7	–	66.7
Inter segmental fee	20.6	2.0	0.9	1.0	24.5	(24.5)	–
Fund management fee income	57.3	8.8	0.9	24.2	91.2	(24.5)	66.7
Other operating income					–	1.5	1.5
Gains on investments					–	118.0	118.0
Net interest income					(0.4)	183.9	183.5
Dividend income					3.3	5.7	9.0
Net fair value gain on derivatives held for hedging purposes					–	–	–
					94.1	284.6	378.7
Provisions for impairment					–	(70.6)	(70.6)
Staff costs					(19.1)	(6.3)	(25.4)
Incentive scheme costs					(13.5)	(18.5)	(32.0)
Medium Term Incentive Scheme					–	19.3	19.3
Other administrative expenses					(23.8)	(2.4)	(26.2)
Profit before tax					37.7	206.1	243.8

(ii) Analysis of financial assets: loans, investments and warrants

	Six months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Europe	**1,948.7**	2,108.3	1,953.9
Asia	**261.5**	182.9	207.7
US	**133.9**	123.6	112.9
Credit Fund Management	**118.1**	130.3	77.7
	2,462.2	2,545.1	2,352.2

(iii) Group revenue by geography

	Six months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Europe	**146.4**	179.5	387.8
Asia	**25.6**	20.9	40.0
US	**2.6**	5.5	9.7
	174.6	205.9	437.5

Notes to the Half Year Report continued
for the six months ended 30 September 2012

3 Dividends

The Board has approved an interim dividend of 6.3p per share (2012: 6.0p) which will be paid to members registered at the close of business on 30 November 2012.

4 Earnings per share

Earnings	**Six months ended 30 September 2012 (unaudited) £m**	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Earnings for the purposes of basic earnings per share being net profit attributable to the equity holders of the parent	**39.8**	85.4	188.3
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**387,709,686**	394,819,070	395,135,061
Effect of dilutive potential ordinary shares	**181,149**	–	422,943
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**387,890,835**	394,819,070	395,558,004

5 Valuation of unquoted ordinary shares and warrants

The movements on available for sale financial assets during the period, recognised in other comprehensive income are as follows:

	Six months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Realised gains on ordinary shares	**9.6**	16.9	49.9
Impairments of AFS financial assets recycled to the statement of profit or loss	**(4.0)**	(1.6)	(1.6)
Unrealised gains on AFS financial assets			
- Fair value movement on equity instruments	**21.9**	100.6	106.9
- Fair value movement on other assets	**2.8**	(1.8)	(3.7)
Foreign exchange	**(2.9)**	0.1	(2.6)
Gains arising in the AFS reserve in the period	**27.4**	114.2	148.9

The movement through the income statement is as follows:

	Six months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Realised gains on warrants	**0.2**	5.3	23.9
Realised gains on assets designated as FVTPL	**0.9**	–	–
Unrealised gains on assets designated as FVTPL			
- Fair value movement on equity instruments	**13.6**	1.0	9.8
- Fair value movement on warrants	**4.9**	26.4	31.9
- Fair value movement on other assets	**2.8**	(7.5)	2.5
Realised gains on AFS financial assets recycled from AFS reserve	**9.6**	16.9	49.9
Gains arising in the income statement in the period	**32.0**	42.1	118.0

Notes to the Half Year Report continued

for the six months ended 30 September 2012

6 Tax expense

Analysis of tax on ordinary activities	**Six months ended 30 September 2012 (unaudited) £m**	Six months ended 30 September 2011 (unaudited) £m	Year ended 31 March 2012 (audited) £m
Current tax:			
Corporate tax	**5.0**	28.5	58.9
Prior year adjustment	**(2.2)**	–	(10.2)
	2.8	28.5	48.7
Deferred tax:			
Current period	**5.5**	(4.8)	7.5
Prior year adjustment	**(8.2)**	–	–
	(2.7)	(4.8)	7.5
Tax on profit on ordinary activities	**0.1**	23.7	56.2

The current year tax charge is lower than the standard rate of corporation tax of 24%. This is principally due to prior year adjustments of £9 million credit relating to termination payments made under the Medium Term Incentive Scheme (MTIS).

Throughout the duration of the MTIS scheme, a partial deferred tax asset was recognised based on estimations of future tax relief on cash flows under the scheme. During the current period, the final cash payments were made in respect of the termination of the Scheme, enabling the final tax position to be calculated. This gave rise to a one off £9 million credit to the tax charge.

7 Financial liabilities

During the period there were the following significant developments in our financing arrangements.

In April 2012, the Group's £1 billion revolving credit facility matured. Three previously signed facilities became effective with maturity dates of between June 2013 and July 2014. Furthermore, during the period, the Group entered into three new bilateral facilities totalling £640 million which effectively extends the maturity of the bank facilities from 2013 and 2014 to June 2016.

A second Retail bond of £80 million was issued in September. This note matures in September 2020 and pays a 6.25% coupon.

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 2012 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and related notes 1 to 7. 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 Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services 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 Auditing Practices Board 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 Ireland) 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 report for the six months ended 30 September 2012 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 Services Authority.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

21 November 2012

Balance Sheet Investments

Unaudited

At 30 September 2012, the balance sheet investment portfolio amounted to £2,344 million, including £763 million of equity investments.

Top 20 assets at 30 September 2012

The top 20 assets account for 50% of the balance sheet investment portfolio and are listed below.

Company	Country	Industry	Investment year	£m*
Medi Partenaires	France	Healthcare	2007	109.0
Elis V	France	Business services	2007	89.9
Applus+	Spain	Business services	2007	86.3
Link Market Services	Australia	Financial services	2007	83.2
Allflex	UK	Business services	1998,2007	80.9
Attendo	Sweden	Healthcare	2007	79.1
Materis	France	Building Materials	2006	69.8
BAA	UK	Shipping & transport	2006	59.3
Gerflor	France	Building Materials	2011	54.0
Minimax	Germany	Electronics	2006	50.8
Ethypharm	France	Pharmaceuticals	2007	49.2
Intelsat	North America	Telephone networks	2008	47.9
WSH Baxter	UK	Retail	2011	43.4
SAG	Germany	Utilities	2008	43.2
Riverland	UK	Financial services	2012	41.5
Eos Loan Fund 1	UK	Financial services	2010	41.5
Hoyts	Australia	Entertainment & Leisure	2007	39.9
Feu Vert	France	Motors	2007	38.5
TeamSystem	Italy	Business services	2010	38.4
Lowenplay II	Germany	Leisure & entertainment	2008	37.5
Total				**1,183.3**

*carrying value on ICG balance sheet at 30 September 2012. Includes equity stake listed below when relevant.

Top 10 equity assets at 30 September 2012

The top 10 equity positions (included in the above table) account for 16% of the balance sheet investment portfolio and 48% of our equity portfolio and are listed below.

Company	Country	Industry	Investment year	£m*
Allflex	France	Business services	1998,2007	80.9
Intelsat	North America	Telephone networks	2008	47.9
Link Market Services	Australia	Financial services	2007	47.0
Riverland	UK	Financial services	2012	41.5
Gerflor	France	Building Materials	2011	36.4
Applus+	Spain	Business services	2007	24.8
TeamSystem	Italy	Business services	2010	22.8
Van Gansewinkel (ex AVR)	Netherlands	Utilities	2007	22.1
WSH Baxter	UK	Retail	2011	20.5
Bureau van Dijk	Belgium	Printing & Publishing	2011	19.5
Total				**363.3**

Company Information

Timetable

The major timetable dates are as follows:

Ex dividend date	28 November 2012
Record date for interim dividend	30 November 2012
Payment of interim dividend	14 December 2012
Full year results announcement for the 12 months to 31 March 2013	22 May 2013

Registrars

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BS99 7NH

Website

The Company's website address is www.icgplc.com.

Copies of the Annual and Interim Reports and other information about the Company are available on this site.

Company information

Stockbrokers

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E14 5JP

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Bankers

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Auditor

Deloitte LLP
Chartered Accountants and
Statutory Auditor
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Company Registration Number
2234775