Half Year Report for the Financial Year 2011.




Intermediate Capital Group PLC

ICG is a specialist investment firm and asset manager. We structure and provide mezzanine finance, leveraged credit and minority equity, managing €11.7 billion of assets from third party investors and our own balance sheet. We are one of the largest independent mezzanine providers in the world with portfolios in Europe, Asia Pacific and the US. We also have one of the longest track records of any institutional investors in European senior loans and high yield bonds. ICG listed on the London Stock Exchange in 1994 (ticker symbol: ICP). With offices in Europe, Asia Pacific and North America, our experienced investment professionals are committed to delivering tailored, flexible and intelligent capital solutions for our clients.

For over 20 years, ICG has invested through various economic and debt cycles. We are committed to our:

Credit culture
Maintaining our strict credit discipline

Strong local network
Managing our local portfolio and relationships

Fund management franchise
Expanding our fund management franchise

Highlights.

Operational Highlights

- AUM at €11,671 million compared to €11,191 million at 31 March 2010
- Investment Company* portfolio of £2,630 million (€2,953 million) compared to £2,684 million (€2,942 million) at 31 March 2010
- Portfolio companies benefiting from improved economic environment
- Strong market for realisations; capital gains of £87 million in the first half
- New investments of £437 million for Investment Company and ICG Mezzanine Funds
- €1.4 billion loan portfolio acquired at a discount to par value
- Investment capacity of €1.5 billion between Investment Company and ICG Mezzanine Funds

Financial Highlights

- Group profit before tax** of £105.1 million compared to £97.7 million in the second half of last year (H2 10)
- Fund Management Company* profit of £16.9 million compared to £15.2 million in H2 10
- Investment Company profit of £88.2 million compared to £82.5 million in H2 10
- Interim dividend of 6p per share, unchanged from last year

	Six months to 30 September 2010	Six months to 31 March 2010	Six months to 30 September 2009
Fund Management Company* profit before tax	**£16.9m**	£15.2m	£22.8m
Investment Company* profit**/(loss) before tax	**£88.2m**	£82.5m	£(14.7)m
Group profit before tax**	**£105.1m**	£97.7m	£8.1m
Earnings per share**	**17.2p**	24.4p	0.6p
Cash core income***	**£43.8m**	£77.4m	£37.7m
Interim dividend per share	**6.0p**	n/a	6.0p
Investment portfolio	**£2,630m**	£2,684m	£2,828m
Third party assets under management****	**€8,718m**	€8,249m	€8,523m

* The definitions for Fund Management Company ("FMC") and Investment Company ("IC") can be found in note 2 on page 13.

** Including impact of fair value movements on derivatives (H1 11: gain of £8.5 million; H2 10: loss of £7.5 million; H1 10: gain of £7.6 million).

*** Cash core income is defined as profit before tax less net capital gains, impairments and net unrealised rolled up interest.

**** Assets under management ("AUM") is defined in the Financial Review.

Business Review.

Overview

Thanks to a stronger investment portfolio and a growing fund management franchise we have generated a profit before tax of £105.1 million. This is up from £8.1 million in the first half of last year and £97.7 million in the second half.

After two years of the worst financial and economic crisis in decades, ICG is in a strong competitive and financial position. Although liquidity may distort asset values and financial returns in the short term, attractive opportunities are starting to emerge for investment firms and asset managers with a strong brand and reputation.

Market Overview

The recovery in deal activity has gained pace in the past few months.

Credit markets have seen a marked increase in liquidity fuelled by quantitative easing programmes. Low interest rates are pushing yield seeking investors towards the High Yield bond market.

Larger companies within the leveraged buyout ("LBO") universe are taking advantage of this strong influx of capital to refinance their existing debt by issuing High Yield bonds. Collateralised Loan Obligation funds ("CLOs"), which own a meaningful proportion of the existing stock of loans, are keen to recycle any proceeds from the resulting repayments to maintain their fee income stream and are, therefore, supporting new loan issuances.

The significant amount of equity raised by private equity sponsors prior to 2008, with close to €1 trillion of unspent equity commitments globally, is adding to this supply of debt capital.

Credit discipline has been maintained by market participants and leverage multiples have not expanded significantly. Nevertheless this excess liquidity relative to the current size of the market has led to a marked increase in valuation levels for LBO assets.

Given the finite life of both debt and equity vehicles, liquidity will decrease over time, leading to attractive investment opportunities for well capitalised investors. The ability of CLOs to reinvest proceeds will reduce materially from 2012 onwards.

Strategic Priorities

Against this backdrop, our strategic priorities remain to:

- manage our portfolio to maximise value;
- invest selectively; and
- grow our Fund Management Company.

Manage our portfolio to maximise value

Our portfolio companies are benefiting from the improvement in the economic environment. At our latest quarterly portfolio review, in September 2010, 62 per cent of our investments were performing at or above the prior year level. This compares to 53 per cent at the end of September 2009 and 59 per cent at the end of March 2010, despite the realisations of high performing assets in the past 12 months. The encouraging signs of top line growth, which we described in June 2010, have gained further momentum since.

As a result, the impairment charge taken by our Investment Company was £53.1 million, compared to £97.1 million in the first half of last year and £64.7 million in the second half.

Market activity has concentrated on assets which have performed well throughout the turbulent economic conditions of the past two years. For these assets competition is fierce amongst private equity sponsors and trade buyers, leading to high valuations. We have realised a number of quality assets to take advantage of this buoyant market activity. In the first half of the year, we exited from five portfolio companies, generating capital gains of £86.8 million, repayments of principal of £150.1 million and the crystallisation of £31.3 million of accrued interest for our Investment Company.

As we have regularly reported during the crisis, we have also been focused on protecting our underperforming investments, especially those where a recovery could be envisaged when the economic environment improved. We continue to actively manage these assets and are encouraged by early signs of improving trends in operating performance. In due course, we expect realisations to extend to those companies which have fared less well during the recent period of economic turmoil but are now well positioned to grow again.

Invest selectively

Given the current high valuations of assets and the uncertain outlook for Western economies, we are particularly selective when deploying capital. We believe that when the current over supply of capital reduces, investment opportunities will materially increase. In the meantime we can identify attractive pockets of value through our local investment network.

We made proprietary investments of £128 million over the period on behalf of our Investment Company. This includes two LBO transactions: TeamSystem in Europe and Fort Dearborn in the US, and follow-on investments in existing portfolio companies. It also comprises our stake in Eos Loan Fund 1, the acquisition vehicle for a portfolio of mostly senior secured loans of European companies purchased from The Royal Bank of Scotland, at a discount to the €1.4 billion par value. Following syndication to our funds and third party investors, the Investment Company retained a €48.5 million stake in Eos Loan Fund 1.

Our investment pipeline is increasing and we are confident that the positive momentum in our investment pace will be sustained. Completing transactions, however, is now more complex and takes longer than it used to take.

In Europe, our current focus remains on minority equity investments, recovery transactions and the acquisition of portfolios where we perceive returns to be more attractive at present. As banks de-lever further and dispose of non core assets, we believe that further opportunities will emerge to acquire similar loan portfolios.

We will also invest in traditional European mid market buyouts, reflecting our strength in local markets, but will be cautious given current valuations and the uncertain economic outlook. Our local network of investment professionals and the strong relationships we have built with sponsors, management teams and banks, over our 21 year history, gives us a real competitive advantage when sourcing attractive investments.

We will also continue to benefit from our international network in the Asia Pacific region and North America where the pipeline is strong.

The buyout market in the Asia Pacific region remains dynamic. The marked emergence of a secondary market, reflecting the growth of buyout transactions in the past decade, is also supplementing a robust primary market. Strong economic performance in key Asia Pacific economies, in contrast with Western economies, is attracting increased interest for the region. Local bank liquidity is also stimulating activity.

The North American buyout market has recovered faster than in Europe. We are making inroads in this market and, in the first half, have completed our ninth transaction in the region. North America now accounts for 8 per cent of our investment portfolio.

Grow our Fund Management Company

I am pleased to report that we are making progress towards growing our Fund Management Company. In March 2010 we identified three growth areas for our Fund Management Company: continuing to grow our existing Mezzanine and Credit Fund Management operations; taking advantage of the shift in the market to acquire portfolios of assets at attractive prices; and expanding cautiously into adjacent asset classes.

Our mezzanine funds have benefited from the same positive trends as our Investment Company. ICG Mezzanine Fund 2003 has now almost fully repaid its debt facility and will accelerate the return of capital to equity investors. The fund has met its hurdle rate in a number of currencies and we have therefore accrued £1.3 million of carried interest in the first half of the year. As a result of new investments in the period, the ICG Recovery Fund 2008 and the ICG European Fund 2006 are now 58 per cent and 79 per cent invested respectively. We therefore expect to launch our next European mezzanine fund in the first half of the 2011 calendar year. Our Asia Pacific Mezzanine Fund 2008 is 28 per cent invested and is performing well.

Our credit funds have also benefited from improved sentiment and operating performances of their underlying portfolio companies. Our 12 month senior loan default rate at 30 September 2010 was 0.31 per cent, compared to 5.3 per cent for the market. These funds have also benefited from the wave of exits in the LBO market as a change of ownership triggers the repayment of outstanding loans at par. These factors have resulted in improving performance ratios across our structured funds and a recovery in junior fees.

Our dedicated High Yield fund, which was launched in December 2009, has outperformed the index since inception and is building a strong track record. We are expecting to open the High Yield fund to third party investors in the course of 2011 and view High Yield as a growth area for ICG over the medium term.

In addition, Eos Loan Fund 1 generated strong interest from both existing and new institutional investors. As the first and only structured transaction completed in Europe since 2008, it attests to the quality of our Credit Fund Management franchise. This fund has added €902 million of AUM and is already showing a strong performance.

We are seeing opportunities to grow our Credit Fund Management operations by acquiring portfolios of assets. As banks continue to de-lever and dispose of non core assets, we believe that further opportunities will emerge. We are also in advanced discussions to acquire the management contract of a European CLO. The European LBO debt fund management industry is highly fragmented and as one of the main players in this asset class, we are well placed to participate in future consolidation. Our broad local knowledge of the European LBO middle market enables us to identify value in this asset class and our reputation and scale provide us with unique access to deal flow of proprietary transactions.

We also believe that our skills can be successfully applied to adjacent asset classes. From our origins in mezzanine finance, we have successfully expanded into leveraged loans, high yield bonds, minority equity investments and more recently recovery assets. We will continue to seek new areas where we can expand our product offering and create value for our shareholders by capitalising on our investment discipline, relationships and infrastructure.

Outlook

Although the economic environment remains full of uncertainty, we do not anticipate market conditions to change materially in the second half. We therefore expect to continue to benefit from a strong market for realisations.

The conditions are also now set for ICG to grow its Fund management franchise, both organically and through measured inorganic expansion.

We will use our extensive local network, deep relationships and existing portfolio to selectively invest in new transactions where we see real value. Although caution is warranted due to the current excess liquidity in the financial system and levels of asset valuation, we believe that opportunities will increase materially in the medium term. With €1.5 billion of capital to deploy for our Investment Company and third party funds, we are well placed to take advantage of these opportunities as they arise.

We will launch our next European mezzanine fund in the first half of calendar year 2011 and we will continue to explore opportunities to further expand our fund management franchise. The trends in the alternative fund management industry will benefit strong players with experience, a well established brand and a long track record. ICG is well positioned to benefit from these trends and resume its growth.

Dividend

The Board has approved an interim dividend of 6p per share, unchanged from last year. The interim dividend will be paid on 7 January 2011 to shareholders on the register at 3 December 2010.

Christophe Evain
CEO

23 November 2010

Financial Review.

Overview

The profit before tax of the Fund Management Company ("FMC") for the six months to 30 September 2010 was £16.9 million up from £15.2 million in the second half of last year, mainly due to higher fee income. It was lower, however, than in the first half of last year (profit of £22.8 million), principally due to lower fee income and the impact of the release of the accrued cost for the shadow share scheme last year. Excluding the impact of the incentive schemes, the profit of the FMC was £24.3 million, compared to £16.7 million in the second half of last year and £27.0 million in the first half of last year.

Profit before tax for the Investment Company ("IC"), including fair value movement on derivatives, was £88.2 million compared to £82.5 million in the second half and a loss of £14.7 million in the first half of last year, which had been negatively impacted by materially lower capital gains and a higher impairment charge.

As a result, Group profit before tax rose to £105.1 million, compared to £97.7 million in the second half of last year and £8.1 million in the first half.

Shareholders' funds at 30 September 2010 stood at £1,198 million compared to £1,184 million at 31 March 2010. The balance sheet is strong with gearing of 1.3 and undrawn debt facilities of £619 million.

Going concern statement

ICG's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Business Review. The risk profile and the related uncertainty of ICG increased during the global recession which impacted our borrowers' ability to meet their obligations. Our portfolio as a whole is performing satisfactorily in light of the economic conditions.
Having reviewed ICG's budget and business plans and, taking into account reasonable downside sensitivity, the Directors believe that ICG has adequate financial resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

Profit and loss account

Fund Management Company

Assets under management

The Group defines its assets under management ("AUM") as the total cost of assets owned, managed and advised by ICG plus commitments to its managed and advised funds, in addition to debt facilities for the funds.

AUM at 30 September 2010 were €11,671 million compared to €11,190 million at 31 March 2010 and €11,540 million at 30 September 2009. This increase was due to the establishment of the Eos Loan Fund 1 which added €902 million of AUM.

Mezzanine and Minority Equity AUM amounted to €3,417 million compared to €3,572 million at 31 March 2010, primarily due to realisations in ICG European Fund 2003.

Credit Funds AUM were €5,301 million, up from €4,677 million at 31 March 2010, due the contribution of the Eos Loan Fund 1.

AUM of the Investment Company stood at €2,953 million.
A discussion on balance sheet investments is included below.

Fee income

Fee income for the first half of the year amounted to £39.1 million compared to £41.5 million in the first half of last year.

Fee income from third parties was £26.1 million compared to £27.3 million in the first half of last year. Foreign exchange movements, and in particular the strengthening of Sterling over the period compared to the first half of last year, negatively impacted third party fee income by £0.8 million.

Fee income for our Mezzanine and Minority Equity funds totalled £16.2 million compared to £14.1 million in the second half of last year and £20.5 million in the first half. This decline is principally due to the reduction of 25 basis points in the management fee as agreed with investors in our ICG European Fund 2006 and Intermediate Capital Asia Pacific Fund 2008 in September 2009 in exchange for a lower co-investment ratio for ICG's balance sheet which will support the acceleration of AUM growth. In addition, fee income from funds in realisation mode was lower following the strong string of exits which reduced AUM.

The contribution of carried interest to fee income was £1.3 million (in relation to ICG Mezzanine Fund 2003) compared to £1.7 million in the first half of last year (in relation to ICG Mezzanine Fund 2000).

Fee income for our Credit funds amounted to £9.9 million compared to £6.8 million in the first half of last year. One of our CDOs which stopped paying junior fees last year, has caught up with all unpaid fees during this half year. This has contributed £1.0 million of junior fee corresponding to the six months to 30 September 2010 and a catch up payment of £2.0 million for FY 10. There are now only two of our 11 CDOs where we are not accruing junior fees. If market and trading conditions remain favourable further recoveries of junior fees may occur in the next 12 months.

Fee income from the Investment Company amounted to £13.0 million compared to £13.6 million in the second half of last year and £14.2 million in the first half, due to a lower average investment book value.

Other income

As a result of the improved trading conditions for our Credit funds, three of our 11 CDOs funds paid a dividend in the period. In addition there was a £0.3 million dividend from our High Yield fund.
Other income was therefore £1.1 million for the period.

Operating expenses

Operating expenses were £23.3 million compared £19.8 million in the first half of last year, mainly due to the impact of the release of the accrued cost for the shadow share scheme last year (£2.8 million in H1 and £4.1 million in H2).

Salaries, excluding incentive schemes, and administrative expenses were at £15.9 million compared to £18.9 million in the second half of last year and £15.6 million in the first half of last year.

Profit before tax

As a result of the above movements, profit before tax for the FMC was £16.9 million compared to £15.2 million in the second half of last year and £22.8 million in the first half of last year.

Investment Company

Balance sheet investments

The balance sheet investment portfolio amounted to £2,630 million, broadly flat compared to £2,684 million at 31 March 2010. This excludes £36 million of seed equity in our Credit funds (£34 million at 31 March 2010).

In the six month period to 30 September 2010, the balance sheet invested £222.2 million of which £94.5 million was held for syndication. Repayments of principal for the period amounted to £150.1 million (excluding capital gains).

In addition, the Sterling value of our portfolio was negatively impacted by the appreciation of Sterling versus the Euro as 65 per cent of the portfolio is Euro denominated. Sterling denominated assets only account for 12 per cent of the portfolio.

The investment portfolio comprises £1,455 million of senior mezzanine and senior debt (55 per cent), £532 million of junior mezzanine investments (20 per cent), £575 million of equity investments (22 per cent) with the remaining £68 million being debt to our third party funds.

Net interest income

Net interest income ("NII"), excluding fair value movement on derivatives held for hedging purposes, was £95.0 million compared to £102.5 million in the first half of last year.

Interest Income was lower at £121.3 million compared to £136.0 million in the first half of last year due to a lower average investment book and a lower EURIBOR over the period. Average EURIBOR in the first half was 0.783 per cent compared to 1.083 per cent in the six months to 30 September 2009. In addition, there was a negative foreign exchange impact of £0.6 million due to the appreciation of Sterling against the Euro.

Cash interest income for the period was £43.1 million and rolled up interest income was £78.2 million. Cash interest income is received on both the base rate and a fixed cash interest spread and was therefore negatively affected by the lower levels of EURIBOR.

Interest expense was £26.3 million compared to £33.5 million in the first half of last year, due to lower net debt following the cash raised by the Rights Issue and lower EURIBOR over the period, partially offset by higher interest margins on the extended bank debt.

Other income

Other income, principally waiver and prepayment fees, amounted to £1.4 million.

Operating expenses

Operating expenses were £33.0 million compared to £32.0 million in the first half of last year.

The Medium Term Incentive Scheme ("MTIS") charged on rolled up interest accruals for the period, amounted to £10.1 million compared to £15.5 million in the first half of last year. This scheme is closing in March 2012, therefore the amount expected to be paid out before the scheme closes is reducing.

Salaries, excluding incentive schemes, and operating expenses were £21.0 million compared to £16.5 million in the first half of last year. The first half of this year included a £5.7 million cost relating to the lease on 20 Old Broad Street following our move to new premises. As a consequence our rental costs will be reduced by £0.6 million a year on average for the next 10 years. This has no material impact on a cash basis. Incentives schemes were £1.9 million in the first half of this year.

Capital gains

Capital gains totalled £86.8 million of which £57.8 million were unrealised at 30 September 2010. These unrealised capital gains relate principally to our investments in Picard and Visma which are expected to be realised in the third quarter. This compares to capital gains of £4.4 million in the first half of last year.

Impairments

Gross provisions for impairments of portfolio companies were £54.3 million in the first half, compared to £80.9 million in the second half of last year and £99.4 million in the first half of last year. Recoveries in the period were £1.2 million compared to £2.3 million in the first half of last year.

Profit before tax

Profit before tax for the IC, including fair value movement of derivatives held for hedging purposes, was £88.2 million up from a loss of £14.7 million in the first half of last year.

Group

Profit before tax

Group profit before tax rose to £105.1 million, compared to £8.1 million in the first half of last year.

Earnings per share

Earnings per share for the six months to 30 September 2010 were 17.2p compared to 0.6p in the first half of last year.

Cash core income

Cash core income is defined as profit before tax less net capital gains, impairments and net unrealised rolled up interest.

Cash core income for the six months to 30 September 2010 was £43.8 million compared to £37.7 million in the first half of last year.

Realised rolled up interest amounted to £31.3 million over the period and accrued rolled up interest was £78.2 million. Net of MTIS charges these figures were £26.0 million and £68.1 million respectively.

Dividend per share

The Board has declared an interim dividend of 6p per share, unchanged from last year.

In order to give shareholders greater flexibility, the Board introduced a scrip dividend scheme in June 2009. This scheme allows shareholders to elect to receive future dividends in shares as opposed to cash.

Group cash flow

Operating cash flow

Interest income received during the first half of the year was £78.8 million compared to £61.6 million in the first half of last year, as the lower level of cash interest income was more than offset by a higher level of rolled up interest realisations. Over the period, realisation of rolled up interest was £31.3 million, compared to £14.0 million in the first half of last year. Interest expense was materially lower at £21.5 million, compared to £53.3 million due to a lower level of average net debt and lower base rates. In addition the first half of last year included a one off payment for the extension of our debt facilities. This resulted in a positive cash spread of £57.3 million, materially higher than in the first half of last year. Dividend income was broadly flat at £1.1 million.

Financial Review.
Continued.

Fee income received amounted to £19.8 million, compared to £27.2 million in the first half of the last year. Operating expenses were £37.2 million, compared to £25.8 million in the first half of last year which did not include any payment of MTIS.

As a result, operating cash flow for the six months to 30 September 2010 was £40.9 million, compared to £11.0 million in the six months to 30 September 2009.

Cash flow relating to capital gains

Cash flow relating to capital gains, net of MTIS payments, was £23.7 million in the first half of this year compared to £1.1 million in the first half of last year.

Free cash flow

During the period we received a £25.5 million tax refund in respect of prior years. This compares to £8.0 million tax payment in the first half of last year.

In addition we purchased £13.2 million of ICG shares in the first half of this year to hedge the new incentive schemes.

Following repayments, syndication proceeds and recoveries of £150.5 million, free cash flow prior to investments and dividends, was £227.3 million, materially higher than the £17.2 million generated in the first half of last year.

Movement in net debt and cash balances

The above cash flow movements, together with an increase in drawn debt facilities of £21.8 million, financed investments of £223.3 million and dividends of £25.8 million.

Group balance sheet

The balance sheet is strong and liquid. Shareholders' funds at 30 September 2010 stood at £1,198 million compared to £1,184 million at 31 March 2010.

Net debt was £1,520 million and net debt to shareholders' funds was 127 per cent, both broadly in line with year end levels.

Investment capacity

Total debt facilities stood at £2,102 million at 30 September 2010, including undrawn debt facilities of £619 million, including £75 million of cash in transit. This £619 million does not include the proceeds from the realisations of our stakes in Picard and Visma nor the proceeds on the syndicated tranche of Eos Loan Fund 1 which are expected in the third quarter of the financial year.

Financial outlook

We do not anticipate the second half performance of the FMC to be materially different than the first half.

For the Investment Company, we expect NII to continue to decline slightly reflecting the repayments versus new investments dynamic. Capital gains are expected to continue in the second half and impairments to trend further down.

Cash core income is expected to continue to benefit from realisations.

Principal risk and uncertainties

The principal risks and uncertainties faced by ICG are set out in the Business Review of our Annual Report and Accounts 2010. The main categories addressed were: Operational risks, Market risks and Business risks. Specifically for the second half of this financial year, the principal risk remains the lack of visibility on the sustainability of the recent improvement in economic outlook and related market sentiment. Managing our investments in that context remains a high corporate priority.

Philip Keller
Finance Director

23 November 2010

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" as adopted by the European Union;

(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);

(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
Finance Director

23 November 2010

Condensed Consolidated Income Statement.
for the six months ended 30 September 2010.

	Six months ended 30 September 2010 (unaudited) £m	Six months ended 30 September 2009 (unaudited) £m	Year ended 31 March 2010 (audited) £m
Interest and dividend income	**122.4**	137.1	274.1
Gains on investments	**86.8**	4.4	98.8
Fee and other operating income	**27.5**	28.1	52.0
	236.7	169.6	424.9
Interest payable and other related financing costs	**(17.8)**	(25.9)	(62.4)
Provisions for impairment of assets	**(53.1)**	(97.1)	(161.8)
Administrative expenses	**(60.7)**	(38.5)	(94.9)
Profit before tax	**105.1**	8.1	105.8
Tax expense	**(37.6)**	(6.4)	(24.1)
Profit for the period/year attributable to equity holders of the parent	**67.5**	1.7	81.7
Earnings per share	**17.2p**	0.6p	25.0p
Diluted earnings per share	**17.2p**	0.6p	25.0p

All activities represent continuing operations.

Condensed Consolidated Statement of Comprehensive Income.
for the six months ended 30 September 2010.

	Six months ended 30 September 2010 (unaudited) £m	Six months ended 30 September 2009 (unaudited) £m	Year ended 31 March 2010 (audited) £m
Profit for the period/year	**67.5**	1.7	81.7
Available for sale financial assets:			
Gains/(losses) arising in the period/year	**45.4**	(12.6)	87.4
Less: reclassification adjustment for (gains)/losses included in the income statement	**(70.1)**	10.5	(64.6)
Exchange differences on translation of foreign operations	**(0.8)**	(2.3)	(1.7)
	(25.5)	(4.4)	21.1
Tax on items taken directly to or transferred from equity	**7.2**	0.6	(6.3)
Other comprehensive (expenses)/income for the period/year	**(18.3)**	(3.8)	14.8
Total comprehensive income for the period/year	**49.2**	(2.1)	96.5

Condensed Consolidated Statement of Financial Position.
as at 30 September 2010.

	30 September 2010 (unaudited) £m	30 September 2009 (unaudited) £m	31 March 2010 (audited) £m
Non current assets			
Property, plant and equipment	**7.3**	8.9	7.6
Financial assets: loans and investments and warrants	**2,665.9**	2,850.6	2,718.1
Derivative financial instruments	**27.3**	13.7	21.4
	2,700.5	2,873.2	2,747.1
Current assets			
Trade and other receivables	**58.5**	46.5	56.0
Financial assets: loans and investments	**100.2**	22.8	8.9
Derivative financial instruments	**4.1**	3.3	9.8
Cash and cash equivalents	**181.2**	26.8	83.7
	344.0	99.4	158.4
Total assets	**3,044.5**	2,972.6	2,905.5
Equity and reserves			
Called up share capital	**79.2**	78.0	78.0
Share premium account	**657.7**	642.4	642.5
Capital redemption reserve	**1.4**	1.4	1.4
Own shares reserve	**(16.0)**	–	(2.8)
Other reserves	**21.9**	23.7	35.2
Retained earnings	**453.7**	366.3	429.2
Shareholders' funds	**1,197.9**	1,111.8	1,183.5
Non current liabilities			
Trade and other payables	**5.7**	–	–
Financial liabilities	**1,458.4**	1,595.3	1,409.0
Derivative financial instruments	**6.2**	29.8	22.4
Deferred tax liabilities	**25.7**	8.1	32.3
	1,496.0	1,633.2	1,463.7
Current liabilities			
Trade and other payables	**153.5**	128.5	166.5
Financial liabilities	**72.7**	40.7	66.4
Liabilities for current tax	**63.1**	6.4	0.5
Derivative financial instruments	**61.3**	52.0	24.9
	350.6	227.6	258.3
Total liabilities	**1,846.6**	1,860.8	1,722.0
Total equity and liabilities	**3,044.5**	2,972.6	2,905.5

Condensed Consolidated Statement of Cash Flows.
for the six months ended 30 September 2010.

	Six months ended 30 September 2010 (unaudited) £m	Six months ended 30 September 2009 (unaudited) £m	Year ended 31 March 2010 (audited) £m
Net cash from operating activities			
Interest receipts	**78.8**	61.6	168.3
Fee receipts	**19.8**	27.2	52.4
Dividends received	**1.1**	1.1	1.9
Gain on disposals	**48.3**	1.1	79.3
Interest payments	**(21.5)**	(53.3)	(81.0)
Cash payments to suppliers and employees	**(62.0)**	(25.8)	(51.0)
Purchase of current financial assets	**(94.5)**	–	(18.6)
Purchase of loans and investments	**(127.7)**	(16.1)	(96.7)
Proceeds from sale of loans and investments	**150.5**	13.5	235.9
Cash (used)/generated in operations	**(7.2)**	9.3	290.5
Taxes received/(paid)	**25.5**	(8.0)	(14.5)
Net cash generated in operating activities	**18.3**	1.3	276.0
Investing activities			
Purchase of property, plant and equipment	**(1.1)**	(0.8)	(1.5)
Net cash used in investing activities	**(1.1)**	(0.8)	(1.5)
Financing activities			
Dividends paid	**(25.8)**	(14.6)	(37.8)
Increase/(decrease) in long term borrowings	**78.6**	(352.2)	(502.7)
Net cash flow from derivative contracts	**40.7**	18.0	(25.4)
Purchase of own shares	**(13.2)**	–	–
Proceeds on issue of shares	**–**	351.4	351.4
Net cash from/(used in) financing activities	**80.3**	2.6	(214.5)
Net increase in cash	**97.5**	3.1	60.0
Cash and cash equivalents at beginning of period/year	**83.7**	23.7	23.7
Cash and cash equivalents at end of period/year	**181.2**	26.8	83.7

Condensed Consolidated Statement of Changes in Equity.
for the six months ended 30 September 2010.

	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
Balance at 31 March 2010	78.0	642.5	1.4	4.6	30.6	(2.8)	429.2	1,183.5
Profit for the period	–	–	–	–	–	–	67.5	67.5
Available for sale financial assets	–	–	–	–	(24.7)	–	–	(24.7)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(0.8)	(0.8)
Tax relating to components of other comprehensive income	–	–	–	–	7.2	–	–	7.2
Total comprehensive (loss)/income for the period	–	–	–	–	(17.5)	–	66.7	49.2
Own shares acquired in period	–	–	–	–	–	(13.2)	–	(13.2)
Scrip dividend	1.2	15.2	–	–	–	–	–	16.4
Credit for equity settled share schemes	–	–	–	4.2	–	–	–	4.2
Dividends paid	–	–	–	–	–	–	(42.2)	(42.2)
Balance at 30 September 2010	**79.2**	**657.7**	**1.4**	**8.8**	**13.1**	**(16.0)**	**453.7**	**1,197.9**

Six months ended 30 September 2009	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
Balance at 31 March 2009	17.3	348.5	1.4	9.6	14.1	–	384.6	775.5
Profit for the period	–	–	–	–	–	–	1.7	1.7
Available for sale financial assets	–	–	–	–	(2.1)	–	–	(2.1)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(2.3)	(2.3)
Tax relating to components of other comprehensive income	–	–	–	–	0.6	–	–	0.6
Total comprehensive loss for the period	–	–	–	–	(1.5)	–	(0.6)	(2.1)
Proceeds from rights issue	60.4	291.1	–	–	–	–	–	351.5
Scrip dividend	0.3	2.8	–	–	–	–	–	3.1
Credit for equity settled share schemes	–	–	–	1.5	–	–	–	1.5
Dividends paid	–	–	–	–	–	–	(17.7)	(17.7)
Balance at 30 September 2009	78.0	642.4	1.4	11.1	12.6	–	366.3	1,111.8

Condensed Consolidated Statement of Changes in Equity.
for the six months ended 30 September 2010. Continued.

Year ended 31 March 2010	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
Balance at 31 March 2009	17.3	348.5	1.4	9.6	14.1	–	384.6	775.5
Profit for the year	–	–	–	–	–	–	81.7	81.7
Available for sale financial assets	–	–	–	–	22.8	–	–	22.8
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(1.7)	(1.7)
Tax relating to components of other comprehensive income	–	–	–	–	(6.3)	–	–	(6.3)
Total comprehensive income for the year	–	–	–	–	16.5	–	80.0	96.5
Proceeds from rights issue	60.4	291.0	–	–	–	–	–	351.4
Own shares acquired in year	–	–	–	–	–	(2.8)	–	(2.8)
Scrip dividend	0.3	3.0	–	–	–	–	–	3.3
Credit for equity settled share schemes	–	–	–	0.7	–	–	–	0.7
Amortisation of lapsed options	–	–	–	(5.7)	–	–	5.7	–
Dividends paid	–	–	–	–	–	–	(41.1)	(41.1)
Balance at 31 March 2010	78.0	642.5	1.4	4.6	30.6	(2.8)	429.2	1,183.5

Notes.

1 Basis of accounting

(i) General information

The annual financial statements are prepared under International Financial Reporting Standards (IFRS) 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 (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 statutory accounts of the Group for the year ended 31 March 2010.

(ii) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2 to 3. The interim management report also includes a summary of the Group's financial position, its cash flows and borrowing facilities.

The Group's principal committed financing facilities are not due for renewal within the next two years.

Having reviewed the Group's budget and business plans, and taking into account reasonable downside sensitivity, the Directors believe that ICG has adequate financial resources to continue in operational existence for the foreseeable future despite the uncertain economic climate. Accordingly they continue to adopt the going concern basis in preparing the Condensed Consolidated Financial Statements.

2. Business and geographical segments

During the previous financial year, the Group changed the presentation of internal management reporting information from two distinct business groups, one of these being the provision of mezzanine finance and the other being fund management as per the half-yearly report, to report the profit of the Fund Management Company ("FMC"), separately from the profits generated by the Investment Company ("IC"). The FMC is defined as the operating unit and as such carries the bulk 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. Previously only the direct costs of the Fund Management business were attributed to that sector.

The IC is charged a management fee of 1 per cent of the carrying value of the investment portfolio by the FMC and this is shown below as Fee income from the Balance Sheet. The costs of finance, treasury, portfolio administration teams and the costs related to being a listed entity are allocated to the IC. The cost of the Medium Term Incentive Scheme, ("MTIS") is charged to the IC, while the scheme remains operational. The remuneration of the Managing Directors (excluding MTIS) is allocated equally to the FMC and the IC.

Previously both income and expenses of the IC were reported by geographical segment. Under the new format, only the mezzanine fund management fee income of the FMC is reported by geographical segment. Amounts reported for the prior full year and half year have been restated to conform to the requirements of IFRS 8.

(i) Analysis of income and profit before tax

	Mezzanine Fund Management						
Six months ended 30 September 2010 (£m)	**Europe**	**Asia**	**US**	**Credit Fund Management**	**Total FMC**	**IC**	**Total**
External fund management fee income	**12.5**	**3.7**	**–**	**9.9**	**26.1**	**–**	**26.1**
Fee income from the Balance Sheet (inter segment)	**10.5**	**1.2**	**0.7**	**0.6**	**13.0**	**–**	**13.0**
Fund management fee income	**23.0**	**4.9**	**0.7**	**10.5**	**39.1**	**–**	**39.1**
Net interest income*					**–**	**95.0**	**95.0**
Dividend income					**1.1**	**–**	**1.1**
Other fee income					**–**	**1.4**	**1.4**
Staff costs					**(14.9)**	**(3.2)**	**(18.1)**
Medium Term Incentive Scheme					**–**	**(10.1)**	**(10.1)**
Balance Sheet fee income charge (inter segment expense)					**–**	**(13.0)**	**(13.0)**
Administrative costs					**(8.4)**	**(6.7)**	**(15.1)**
Net gains on investments					**–**	**69.4**	**69.4**
Impairments					**–**	**(53.1)**	**(53.1)**
Add back net fair value gain on derivatives held for hedging purposes*					**–**	**8.5**	**8.5**
Profit before tax					**16.9**	**88.2**	**105.1**

* Net gain relating to movements in the fair value of derivatives used to hedge certain liabilities of the Group, excluding any interest accruals and spot F/X translation movements on these derivatives, are not considered part of net interest income for segmental reporting.

Notes.
Continued.

2. Business and geographical segments continued

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

Six months ended 30 September 2009 (£m)	Mezzanine Fund Management Europe	Mezzanine Fund Management Asia	Mezzanine Fund Management US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	16.3	4.2	–	6.8	27.3	–	27.3
Fee income from the Balance Sheet (inter segment)	11.9	1.1	0.7	0.5	14.2	–	14.2
Fund management fee income	28.2	5.3	0.7	7.3	41.5	–	41.5
Net interest income*					–	102.5	102.5
Dividend income					1.1	–	1.1
Other fee income					–	0.8	0.8
Staff costs					(12.0)	(1.2)	(13.2)
Medium Term Incentive Scheme					–	(15.5)	(15.5)
Balance Sheet fee income charge (inter segment expense)					–	(14.2)	(14.2)
Administrative costs					(7.8)	(1.1)	(8.9)
Net gains on investments					–	3.5	3.5
Impairments					–	(97.1)	(97.1)
Add back net fair value gain on derivatives held for hedging purposes*					–	7.6	7.6
Profit/(loss) before tax					22.8	(14.7)	8.1

* Net gain relating to movements in the fair value of derivatives used to hedge certain liabilities of the Group, excluding any interest accruals and spot F/X translation movements on these derivatives, are not considered part of net interest income for segmental reporting.

Year ended 31 March 2010 (£m)	Mezzanine Fund Management Europe	Mezzanine Fund Management Asia	Mezzanine Fund Management US	Credit Fund Management	Total FMC	IC	Total
External fund management fee income	26.6	8.0	–	14.0	48.6	–	48.6
Fee income from the Balance Sheet (inter segment)	23.4	2.2	1.3	0.9	27.8	–	27.8
Fund management fee income	50.0	10.2	1.3	14.9	76.4	–	76.4
Net interest income*					–	209.7	209.7
Dividend income					1.9	–	1.9
Other fee income					–	3.4	3.4
Staff costs					(22.4)	(2.3)	(24.7)
Medium Term Incentive Scheme					–	(28.9)	(28.9)
Balance Sheet fee income charge (inter segment expense)					–	(27.8)	(27.8)
Administrative costs					(17.9)	(1.7)	(19.6)
Net gains on investments					–	77.1	77.1
Impairments					–	(161.8)	(161.8)
Add back net fair value gain on derivatives held for hedging purposes*					–	0.1	0.1
Profit before tax					38.0	67.8	105.8

* Net gain relating to movements in the fair value of derivatives used to hedge certain liabilities of the Group, excluding any interest accruals and spot F/X translation movements on these derivatives, are not considered part of net interest income for segmental reporting.

2. Business and geographical segments continued

(ii) Loan book by sector

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Europe	**2,155.9**	2,369.5	2,215.1
Asia	**220.1**	181.5	266.5
US	**143.8**	205.5	135.1
Credit Fund Management	**146.1**	94.1	101.4
	2,665.9	2,850.6	2,718.1

The accounting policies of the reportable segments are the same as the Group's accounting policies set out in the statutory accounts of the Group for the financial year ended 31 March 2010.

(iii) Group revenue by geographical segment from external customers

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Europe	**212.9**	130.6	370.4
Asia	**7.9**	28.6	37.1
US	**15.9**	10.4	17.4
	236.7	169.6	424.9

(iv) Property, plant and equipment by geographical segment

Information about the Group's non current assets, excluding financial instruments and deferred tax assets, is detailed below by geographical location.

	Six months ended 30 September 2010 £m	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Europe	**7.0**	8.5	7.2
Asia	**0.3**	0.3	0.3
US	**–**	0.1	0.1
	7.3	8.9	7.6

Notes.
Continued.

3 Dividends
The interim dividend of 6p per share will be paid to members registered at the close of business on 3 December 2010.

4 Earnings per share

Earnings	**Six months ended 30 September 2010 £m**	Six months ended 30 September 2009 £m	Year ended 31 March 2010 £m
Earnings for the purposes of basic earnings per share being net profit attributable to the equity holders of the parent	**67.5**	1.7	81.7

Number of shares	**2010**	2009	2010
Weighted average number of ordinary shares for the purposes of basic earnings per share	**391,562,230**	284,312,070	326,563,481
Effect of dilutive potential ordinary shares	**421,821**	–	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**391,984,051**	284,312,070	326,563,481

5 Financial liabilities

Private placements
During the period there were repayments of two private placements of US$20 million and £25 million.

Bank facilities
In accordance with the facility agreement the £1,032 million revolving credit facility was reduced to £971 million during the period. In May 2010, we extended an additional £67 million of bank debt to June 2013 bringing the total extension due in June 2013 to £612 million.

6 Related party transactions
There have been no material changes to the related party transactions as disclosed in the Annual Report and Accounts for the year ended 31 March 2010.

7 General
The interim financial statements for the six months to 30 September 2010 were approved by the Board on 16 November 2010.

The financial information for the year ended 31 March 2010 does not constitute statutory accounts under section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those statements was unqualified, did not draw attention to any matter by way of emphasis and did not include a statement under section 498 (2) or (3) of the Companies Act 2006.

Copies of this statement are available on our website www.icgplc.com.

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 2010 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, 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 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 them 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 2010 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 Auditors, UK
London, United Kingdom

23 November 2010

Shareholder Information.

Timetable

The major timetable dates are as follows:

Ex dividend date	1 December 2010
Record date for Financial Year 2011 interim dividend	3 December 2010
Payment of interim dividend	7 January 2011
Full year results announcement for the 12 months to 31 March 2011	1 June 2011

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