



Intermediate Capital Group PLC

Half Year Report for the Financial Year 2009

About ICG

ICG is a listed investment firm and institutional fund manager, serving financial sponsors, management teams, and investors in mid market companies. 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. It is our aim to be amongst the world's most innovative and successful investors.

Highlights

Financial highlights

- Core income¹ up 29.6% to £84.6m (2007: £65.3m)
- Gains on investments at £19.9m (2007: £97.1m)
- Pre-tax profits at £39.8m; including a negative £18.0m fair value movement on derivatives held for hedging purposes
- EPS 29.8p, (2007: 125.7p²)
- Interim dividend at 20.5p, up 11% (2007: 18.5p²)

Operational highlights

- Loan and investment portfolio at £2.6bn, up 12% compared to 31 March 2008
- A well diversified portfolio which continues to perform satisfactorily but some assets affected by economic downturn
- Third party funds under management at £7.4bn, up 2% compared to 31 March 2008. Second Asia Pacific fund of US\$1bn raised

	6 months to 30 Sept 2008 £m	6 months to 30 Sept 2007 £m	Increase/ Decrease %
Net interest income ³	99.7	71.5	39
Fee income	29.4	30.3	-3
Core income ¹	84.6	65.3	30
Gains on investments	19.9	97.1	-80
Net provisions	42.8	9.3	360
Profit before tax	39.8	142.0	-72
EPS ²	29.8p	125.7p	-76
Interim dividend ²	20.5p	18.5p	11

	At 30 Sept 2008 £m	At 31 March 2008 £m	Increase/ Decrease %
Loans and investments	2,589	2,306	12
Third party funds under management	7,407	7,259	2

1 Core income is net interest income plus fee income less related administrative expenses.

2 Adjusted for the Rights Issue in February 2008.

3 Excludes fair value movements on derivatives held for hedging purposes (2008: negative impact of £18.0m; 2007: positive impact of £9.1m).

Chairman's Statement

I am pleased to report that ICG's results for the six months to 30 September 2008 show resilience in an extremely volatile environment. This was reflected in our core income, which was up 30% compared to the first half of last year.

Over the period, we provided or arranged a total of £559m in 11 new investments; £312m on behalf of the ICG balance sheet. While this level of investment was considerably lower than the first half of last year, we benefited from the much improved terms available to mezzanine providers since the onset of the credit crunch. At the same time, we experienced very low levels of early repayments as conditions were less attractive for private equity exits. As a result, our balance sheet loan and investment portfolio grew to £2.6bn, up 12% over the period, and core income increased to £84.6m, up 30% compared to the first half of last year.

Our balance sheet is robust, with gearing of 184% and £656m of undrawn debt facilities as at 30 September 2008.

However, as expected in the current difficult financial and economic conditions, rising provisions and lower levels of realisations led to a marked decline in profit before tax for the period, which totalled £57.8m (excluding the negative impact of £18m of fair value movements on derivatives held for hedging purposes).

Since the end of September, we have witnessed increased turmoil in financial markets leading to a sharp contraction of credit. As a result, leveraged buyout ("LBO") transactions are scarce, limiting investment opportunities in the primary market in the near future.

However, this turmoil has also resulted in unprecedented investment opportunities in secondary loan assets as many banks and investment managers have become forced sellers. We believe that we are well positioned to selectively invest in these opportunities.

It has become increasingly clear that economic conditions are rapidly weakening around the world. Our portfolio, although well positioned and broadly performing satisfactorily, is not immune and the adverse economic environment is affecting the results of some of our companies. Two companies in particular have posted very poor results since the half year end. Overall however we benefit from the cautious approach to investing we took before the crash, and the diversity and defensiveness of our portfolio.

We will continue to actively manage our portfolio; maintain the strength of our balance sheet; raise third party funds; and prudently invest where we see outstanding value.

We have a strong business model, which has stood the test of several economic cycles. Our local network of high calibre investment executives, strong credit culture and operational excellence remain key to our long term success.

The Board has declared an interim dividend of 20.5p, up 11% over last year's interim dividend. The dividend will be paid on 29 December 2008 to shareholders on the register at 5 December 2008.



John Manser
Chairman
24 November 2008

Managing Directors' Review

Market conditions

Although we warned in May 2008 that the liquidity crisis was likely to lead to a credit crisis, we did not anticipate the pace and scale of recent events. Panic followed the bankruptcy of Lehman Brothers in mid-September and forced governments to rescue their collapsing banking systems. Credit markets tumbled even further, this time alongside equity markets around the world.

It is now evident that the governments of mature economies have and will continue to support the banking system at more or less any cost. This is a welcome development but it is still unclear when banks will start to lend money again given their need to reduce the size of their loan books.

So where does this leave the LBO market which ICG serves?

The need for most banks to de-lever further, as well as the demise of many loan fund managers, has led to a drought of senior debt available for private equity transactions and, consequently, the LBO market has stalled. It is unlikely that these banks will seek to finance LBOs in the immediate future given their capital positions and the pressure on them to kick-start the consumer economy and support local SMEs.

We continue to believe in the private equity model. The best investors and the best credit managers in the industry will emerge out of this downturn stronger and with better franchises, as they have done in previous difficult economic cycles. In due course, private equity investors will seek to benefit from low valuations. When this happens, we will be ready to support them in all our local markets.

In the meantime the secondary market offers some outstanding investment opportunities. The sale of increasing numbers of loan portfolios, measured in billions of Euros and Dollars, has been indiscriminate but even so there are very few buyers. The consequence is that loan pricing has reached almost unimaginable discounts. It is now possible to buy a good quality portfolio of senior debt in LBOs generating a return of more than 20% per annum. Our view is that, on a selective basis, now is the time to take advantage of these unprecedented opportunities.

ICG's strategy and priorities

We remain focused on our long term strategy. We believe that the strength of our local network will continue to give us privileged access to transactions in the key mezzanine markets around the globe once the LBO market recovers. The next generation of primary LBOs is likely to experience better structuring, better pricing and better terms than we have seen for many years.

In the meantime, our priorities are:

- Monitoring and managing our portfolio;
- Maintaining a strong balance sheet;
- Continuing to raise third party funds;
- Investing cautiously into the secondary loan market.

Managing Directors' Review

continued

Monitoring and managing our portfolio

Given the economic outlook, monitoring and managing our portfolio is our key priority, and this is reflected in individual and team objectives at every level of our organisation.

Identifying potential problems early and acting quickly to maximise recoveries are fundamental elements of our investment policy. This has driven our strong track record of recoveries. The strength of our local teams provide the platform from which we have historically achieved such high recoveries. We believe that we have the necessary resources and experience, accumulated over 20 years, to outperform in this market.

Our portfolio is performing well overall given the deteriorating economic environment. At the September quarterly review, 50% of the companies in our portfolio were on or above budget, and 75% were at or above last year's level. For our 20 largest assets, which accounted for 43% of our investment portfolio at 30 September 2008, these figures were 70% and 85% respectively. Our 10 largest equity investments, accounting for 38% of our equity portfolio, were also performing satisfactorily.

However, a limited number of assets, particularly in the economies or sectors most affected by the economic downturn, are showing signs of strain. It is early days in terms of assessing the full impact of the rapidly deteriorating economy on our portfolio. A number of our investee companies may not survive a severe and prolonged economic downturn, but the diversity of our portfolio and the experience of our investment executives place us in a strong position to outperform the market. With over 130 companies spread across 20 countries and 23 sectors, our portfolio is well diversified.

We will continue to take a prudent approach to provisioning. Gross provisions for the portfolio companies were £54.2m for the six months to 30 September 2008. In this period we also disposed of two assets which had been previously provided for, leading to recoveries of provisions of £25.6m. This illustrates both our conservative approach to provisioning and our determination to maximise recoveries from impaired assets.

Maintaining a strong balance sheet

Earlier this year we raised £175m through a Rights Issue and secured a new £450m bank facility. As at 30 September 2008, our total debt facilities stood at £2.3bn. With gearing of 184% and undrawn facilities of £656m at 30 September 2008, we are in a good position to respond to the current adverse economic environment.

In light of the extraordinary developments in the global financial systems witnessed in recent weeks, our previous assumption that the debt market would open for periods during 2009 and 2010 looks optimistic. We now believe that liquidity will not return to the market for some time. With only £80m due to repay in the next 18 months, our balance sheet remains liquid. Nonetheless, we will continue to review our funding options to maximise liquidity and maintain our financial strength through the current cycle and beyond.

Continuing to raise third party funds

We are committed to the model of co-investment between the balance sheet and our third party mezzanine funds. However, the near absence of debt financing combined with low levels of early repayments, limit our ability to leverage our balance sheet further. As a result third party funds are likely to contribute a higher proportion of funding for the transactions we invest in. Although the fund raising environment is challenging, we have been pleased by the level of interest in our funds by both new and existing investors.

In October we closed our second Asia Pacific Fund, Intermediate Capital Asia Pacific Fund 2008, at US\$1bn, twice the size of our first fund. As with the first fund, third parties contributed 60% to the fund with the ICG balance sheet contributing the remainder. In addition we held a first close for the Minority Partners Fund, with new third party commitments of €157m to be invested alongside ICG's balance sheet and mezzanine funds, giving us over €500m for this type of investment. We are also pleased to have completed the first close of our Recovery Fund at €875m, including €275m of new third party commitments as well as commitments from ICG's balance sheet and mezzanine funds. We are actively marketing these two funds and are experiencing a positive response from investors despite the difficult fund raising environment. We expect to reach final closes on these two funds during the financial year.

On Credit Fund Management ("CFM"), there is no appetite for new CDOs and we do not expect to increase funds under management through new structured deals for some time. However, we are seeking to grow the business through new products, as more institutional investors seek to take advantage of the excellent opportunities in the loan market. The calibre of our CFM team and our track record in this asset class are strong competitive advantages.

Investing cautiously into the secondary loan market

The dislocation in the credit market has generated unusually attractive investment opportunities in the secondary loan market. The complementary skills of our CFM and mezzanine teams are a key advantage in identifying and executing the most attractive investments. With over 130 European names on our balance sheet and an additional 120 companies closely monitored by our CFM team, we have unrivalled insight into the performance and value of European LBO assets.

Overview of the First Half

In the six months to 30 September 2008 we invested or arranged £559m in 11 transactions on behalf of our balance sheet, mezzanine funds and other third parties. These new transactions were completed at attractive terms reflecting the reduced availability of liquidity. The average expected returns are 12.5% above LIBOR, more than 200 basis points above the level of the last two years. This considerably improved risk adjusted return reflects the favourable competitive environment experienced in the first half of this year.

Our mezzanine funds continued to perform well. The Intermediate Capital European Fund 2006 was 47% invested in 37 portfolio companies at 30 September 2008. Our first Asia Pacific fund, the Intermediate Capital Asia Pacific Mezzanine Fund 2005, was also fully invested as at 30 September 2008.

Within our CFM business, all but one of our CDOs are cash flow vehicles. These funds continue to perform well given the economic conditions. Our CFM business has not experienced any default in the past two years and, in line with the rest of the business, monitoring our portfolios is the key priority. The Eurocredit Opportunities Fund, which is marked to market, remains above its covenant levels. Despite its restructuring in early 2008, it is still under pressure, but to date has been able to withstand severe market shocks.

Managing Directors' Review

continued

Outlook

We do not expect liquidity to return to the market any time soon. The primary LBO market is likely to remain effectively shut for the next year, limiting our investment opportunities in that segment. While these market conditions prevail the secondary loan market will continue to offer some extraordinary investment opportunities. Our credit culture, strong local network and knowledge of the LBO market, position us well to take advantage of this market dislocation.

However, our portfolio will not be immune to the deteriorating economic conditions. We have heightened our vigilance and the active management of our portfolio is our number one priority. Our performance over the last 20 years demonstrates that we have the skills and commitment to maximise value even in difficult conditions.

The calibre of our investment teams, many with long standing track records at ICG, and the strength of our balance sheet, will be a great advantage as we continue to respond to this downturn by protecting our existing investments and purchasing secondary loan assets.



Tom Attwood

On behalf of the Managing Directors
24 November 2008

Financial Review

Balance Sheet

Investment portfolio

Our loan and investment portfolio increased by 12% to £2,589m in the six months to 30 September 2008. Over the period, we invested or arranged £559m in 11 transactions, compared to £898m in 21 transactions in the first half of last year. £356m was arranged in the first quarter and £203m in the second.

Of this £559m, £312m was retained on our balance sheet, £193m was allocated to our funds and the balance was syndicated or held for syndication to third parties. This compares to £468m retained on the balance sheet in the first half of last year.

Early repayments for the six month period amounted to £70m, considerably below the level experienced in the first half of last year of £458m. As a result, net new lending was £242m over this period compared to just £10m last year.

£88m of the total amount invested or arranged in the six months to 30 September 2008 took the form of equity, of which £50m was retained on our balance sheet.

Equity stakes accounted for 18% of our investment portfolio at 30 September 2008. Junior mezzanine (also known as Payment-in-Kind notes) accounted for a further 15% and senior mezzanine 67%.

Capital position

Our balance sheet remains robust. At 30 September 2008, shareholders' funds were £888m. Our net debt to shareholders' funds ratio at the end of September was 184%.

Total debt facilities were £2,346m at 30 September 2008, with undrawn facilities at £656m. These facilities are sourced from over 30 financial institutions, principally commercial banks.

Maintaining a strong balance sheet continues to be a key corporate objective. With only £80m due to be refinanced in the next 18 months, our balance sheet remains liquid.

Income Statement

Core income

Core income was up 30%, at £84.6m, principally as a result of continued growth in net interest income.

Net interest income

Net interest income was up 39% to £99.7m excluding the impact of fair value movements on derivatives held for hedging purposes. This increase was driven by the new investments far outstripping early repayments, which has resulted in the average loan portfolio being 45% higher than in the first half of last year.

We have decided no longer to accrue rolled up interest on impaired assets for the entire accounting period during which the impairment is taken. We will continue to apply this methodology going forward. Previously, rolled up interest income on impaired assets was accrued until the day the impairment was identified. This change of treatment had a negative impact of £2.1m on net interest income in the first half.

Interest and dividend income was £147.6m compared to £106.0m in the first half of last year, reflecting the growth of our portfolio and favourable movements in exchange rates. This also included a one off contribution of £2.4m from disposed assets which had been fully provided for. Rolled up interest accounted for 53% of interest income over the six month period to 30 September 2008.

Interest payable (excluding the negative impact of £18.0m of fair value movements on derivatives held for hedging purposes) was £47.9m compared to £34.5m in the first half of last year. The increase was driven by higher average net debt over the period as we drew on our debt facilities to finance new investments.

Financial Review

continued

Fee income

Excluding the contribution from carried interest, total fee income was up 17% to £28.7m compared to the first half of last year. Carried interest from Intermediate Capital Mezzanine Fund 2000 contributed £0.7m to fee income in the first half of this year compared to £5.6m in the first half of last year. As a result, total fee income, including carried interest, was 3% lower than in the first half of last year at £29.4m.

Fee income for our Mezzanine Fund Management business was £13.6m, down 20% versus last year's level but up 14% excluding the impact of carried interest. Funds under management at 30 September 2008 were £3.1bn, up 6% since the end of March 2008.

In our CFM business, fee income was up 18% to £11.1m, as Eurocredit VIII, which was raised in November 2007, contributed fully to fee income in the period. Funds under management at 30 September 2008 were £4.3bn.

Arranging fees were up 18% to £4.6m.

Expenses

Operating costs increased by 22% compared to the first half of last year to £44.5m. They were, however, 4% lower than in the second half of last year as our investment programme to strengthen our geographic network and support functions is now complete.

As a percentage of core income, expenses went down from 55.8% in the first half of last year to 52.6% this year.

Salaries and benefits were up 19% to £23.4m as the average headcount for the period increased 22% compared to the first half of last year.

Gains on investments

Gains on investments, at £19.9m, were substantially below the very high level achieved in the first half of last year of £97.1m, reflecting the less favourable conditions for exits.

Impairments

In line with our cautious approach and our assessment of future economic conditions in the coming year, we have taken gross provisions of £54.2m for portfolio companies already impacted by the downturn. However, write backs on provisions previously charged through the income statement of £25.6m led to significantly lower net provisions of £28.6m for our mezzanine investments.

Further impairments of £14.2m for the equity stakes we own in the ICG managed CDOs led to net impairments of £42.8m. This £14.2m was primarily due to a write down in full of our equity stake in the Eurocredit Opportunities Fund. The carrying value on our balance sheet of the equity stakes in ICG managed CDOs was £20.1m at 30 September 2008.

Profit before tax

Profit before tax was 72% lower at £57.8m compared to £132.9m, excluding the fair value movements on derivatives held for hedging purposes, as the higher core income was more than offset by lower realisations over the period. The impact of fair value movements on derivatives held for hedging purposes was a negative £18.0m in the first half of the year compared to a positive £9.1m in the first half of last year.

Earnings per share

Earnings per share for the six months to 30 September 2008 were 29.8p, down 76% on last year.

Dividend

The Board has declared an interim dividend of 20.5p, up 11% over last year's interim dividend (19.5p restated to 18.5p following the Rights Issue in February 2008).

Financial Outlook

In the second half we expect a lower level of new investments and core income to be broadly in line with the level achieved in the first half adjusted for one off contributions. Interest income on recent investments will be offset by a higher cost of debt interest expense given that we have partially drawn our new bank facility secured in March 2008, the cost of which is higher than our older facilities. We anticipate that capital gains will remain at the low level experienced in the first half. In light of the deterioration of the economic environment since the end of September, it is likely that gross provisions will be higher in the second half.

Principal risks and uncertainties for the Second Half

The principal risks and uncertainties faced by ICG are set out in our Annual Report and Accounts 2008. The main categories addressed were: Business Risk, Credit Risk, Funding Risk and Market Risk. Specifically for the second half of this financial year, the principal risk is Credit Risk. Visibility on the severity of the recession and its impact on our portfolio remains limited at this stage. Managing our portfolio has been given the highest priority across the organisation as detailed throughout this Half Year Statement.



Philip Keller

Finance Director
24 November 2008

New Investments

In the six month period to 30 September 2008 ICG and funds managed by ICG invested in the following 11 companies:

Asia Pacific

Veda is Australia's and New Zealand's leading supplier of consumer and commercial credit reporting.

In September 2008 ICG facilitated the restructuring of Veda's balance sheet by arranging a AUD 150m mezzanine facility to refinance senior debt and to provide additional working capital. This facility was drawn in October. In September 2008 ICG also acquired AUD 15m of Veda's existing subordinated debt in the secondary market. A further AUD 15m was acquired in early October. Only the AUD 15m of Veda's existing subordinated debt purchased in September in the secondary market is included in the new lending figures for the six month period to 30 September 2008.

Europe

Biffa is a leading UK waste management company. In April 2008 ICG invested £100m in the mezzanine provided to support taking the company private. ICG also invested £25m in the equity.

Casa Reha is a German care home operator. In June 2008 ICG invested €30m in the mezzanine provided to support the secondary buyout. ICG also invested €15m in the equity.

CEPL is the leading French logistics provider specialising in the outsourcing of automated multi-product order preparation. In September 2008 ICG invested €50m to assist in the secondary buyout.

Labco, a French company, has the largest network of private clinical or routine laboratories in Europe. In July 2008 ICG invested €80m in the mezzanine facilities provided to assist the buyout. ICG has also committed a further mezzanine facility to assist in future acquisitions.

Löwenplay, a previous investee company, is a German gaming arcade operator. In April 2008 ICG co-arranged the mezzanine facility provided to support the tertiary buyout. ICG invested €60m.

Sicurglobal is an Italian company providing security services. In April 2008 ICG arranged and provided a mezzanine facility of €35m to support the secondary buyout. ICG also invested €13m in the equity.

Veinsur is a Spanish truck distributor that also provides maintenance, repair and after sales services. In June 2008 ICG arranged and provided mezzanine facilities of €36m to support the buyout.

North America

AST is a U.S. company providing share registry services. In May 2008 ICG invested US\$93m in the mezzanine facility provided to support the buyout. ICG also invested US\$44m in the equity. The deal was completed by our Asia Pacific team.

Behavioral Interventions is the leading U.S. provider of correctional products and services for government agencies. In August 2008 ICG arranged a mezzanine facility of US\$100m to support the tertiary buyout. ICG also invested US\$2.5m in the equity.

Hudson, a U.S. company, designs and manufactures air cooled heat exchangers and axial flow fans. In August 2008 ICG co-led the mezzanine facility provided to support the secondary buyout. ICG invested US\$48m in the mezzanine and US\$5m in the equity.

Other

ICG also provided additional funding of over £22m for a further 13 existing investee companies.

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 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,



John Manser
Chairman



Philip Keller
Finance Director
24 November 2008

Condensed consolidated income statement

for the six months ended 30 September 2008

	Six months ended 30 Sept 2008 (unaudited) £m	Six months ended 30 Sept 2007 (unaudited) £m	Year ended 31 March 2008 (audited) £m
Interest and dividend income	147.6	106.0	236.9
Gains on investments	19.9	97.1	135.2
Fee and other operating income	29.4	30.3	57.0
	196.9	233.4	429.1
Interest payable and other related financing costs	(65.9)	(25.4)	(38.3)
Provisions for impairment of assets	(42.8)	(9.3)	(46.0)
Administrative expenses	(48.4)	(56.7)	(115.3)
Profit before tax	39.8	142.0	229.5
Tax expense	(14.1)	(48.7)	(74.7)
Profit for the period attributable to equity shareholders	25.7	93.3	154.8
Earnings per share*	29.8p	125.7p	213.4p
Diluted earnings per share*	29.3p	124.2p	210.8p

*Earnings and diluted earnings per share for 2007 have been restated following ICG's ordinary shares Rights Issue in February 2008. All activities represent continuing operations.

Condensed consolidated statement of recognised income and expense

for the six months ended 30 September 2008

	Six months ended 30 Sept 2008 (unaudited) £m	Six months ended 30 Sept 2007 (unaudited) £m	Year ended 31 March 2008 (audited) £m
Available for sale investments:			
Valuation gains taken to equity	4.5	53.9	48.0
Transferred to profit or loss for the period	(1.2)	(50.4)	(42.5)
Tax on items taken directly to or transferred from equity	(1.2)	(1.7)	(2.5)
Net income recognised directly in equity	2.1	1.8	3.0
Profit for the period	25.7	93.3	154.8
Total recognised income and expense for the period attributable to the equity holders of the parent	27.8	95.1	157.8

Condensed consolidated balance sheet

for the six months ended 30 September 2008

	30 Sept 2008 (unaudited) £m	30 Sept 2007 (unaudited) £m	31 March 2008 (audited) £m
Non-current assets			
Property, plant and equipment	7.5	4.6	6.1
Financial assets: loans and investments and warrants	2,588.9	1,775.7	2,306.0
other derivatives	2.3	2.9	1.8
	2,598.7	1,783.2	2,313.9
Current assets			
Trade and other receivables	39.3	26.1	39.6
Financial assets: loans and investments	56.0	157.2	151.8
Cash and cash equivalents	36.3	80.7	50.9
	131.6	264.0	242.3
Total assets	2,730.3	2,047.2	2,556.2
Equity and reserves			
Called up share capital	17.3	14.1	17.2
Share premium account	348.5	177.0	348.5
Capital redemption reserve	1.4	1.4	1.4
Other reserves	23.2	14.1	17.9
Retained earnings	497.7	463.6	511.2
Equity shareholders' funds	888.1	670.2	896.2
Non current liabilities			
Financial liabilities	1,614.1	1,195.3	1,357.0
Deferred tax liabilities	8.2	6.8	12.9
	1,622.3	1,202.1	1,369.9
Current liabilities			
Trade and other payables	94.1	99.1	132.7
Financial liabilities	96.2	20.4	111.3
Liabilities for current tax	29.6	55.4	46.1
	219.9	174.9	290.1
Total liabilities	1,842.2	1,377.0	1,660.0
Total equity and liabilities	2,730.3	2,047.2	2,556.2

Condensed consolidated cash flow statement

for the six months ended 30 September 2008

	Six months ended 30 Sept 2008 (unaudited) £m	Six months ended 30 Sept 2007 (unaudited) £m	Year ended 31 March 2008 (audited) £m
Net cash from operating activities			
Interest and fee receipts	106.6	123.0	223.7
Dividends received	7.4	2.8	6.2
Gain on disposals	18.5	105.3	141.8
Interest payments	(63.5)	(25.7)	(67.6)
Cash payments to suppliers and employees	(73.2)	(70.1)	(107.6)
Net proceeds from sale/(purchase) of current financial assets	69.4	(143.6)	(115.7)
Purchase of loans and investments	(312.1)	(467.8)	(939.8)
Proceeds from sale of loans and investments	95.5	458.0	609.4
Cash used by operations	(151.4)	(18.1)	(249.6)
Taxes paid	(36.5)	(30.2)	(60.0)
Net cash used in operating activities	(187.9)	(48.3)	(309.6)
Investing activities			
Purchase of property, plant and equipment	(2.0)	(1.7)	(4.6)
Net cash used in investing activities	(2.0)	(1.7)	(4.6)
Financing activities			
Dividends paid	(39.2)	(29.2)	(43.0)
Increase/(decrease) in long-term borrowings	214.4	(8.4)	65.7
Decrease in bank overdrafts	–	(5.6)	(5.6)
Proceeds on issue of shares	0.1	1.9	176.0
Net cash from/(used in) financing activities	175.3	(41.3)	193.1
Net decrease in cash	(14.6)	(91.3)	(121.1)
Cash and cash equivalents at beginning of period	50.9	172.0	172.0
Cash and cash equivalents at end of period	36.3	80.7	50.9

Notes

1 Analysis of profit before tax

	Six months ended 30 Sept 2008 (unaudited) £m	Six months ended 30 Sept 2007 (unaudited) £m	Year ended 31 March 2008 (audited) £m
Income			
Interest and dividend income	147.6	106.0	236.9
Fee and other operating income	29.4	30.3	57.0
	177.0	136.3	293.9
Less: related expenses			
Interest payable and other related financing costs	(65.9)	(25.4)	(38.3)
Add back: net loss/(gain) on derivatives held for hedging purposes*	18.0	(9.1)	(36.2)
Salaries and benefits	(23.4)	(19.7)	(43.2)
Operating expenses	(8.9)	(8.4)	(19.5)
Medium Term Incentive Scheme	(12.2)	(8.4)	(20.3)
Core income	84.6	65.3	136.4
Gains on investments	19.9	97.1	135.2
Medium Term Incentive Scheme	(3.9)	(20.2)	(32.3)
Net gains on investments	16.0	76.9	102.9
Provisions against loans and investments	(42.8)	(9.3)	(46.0)
Net (loss)/gain on derivatives held for hedging purposes*	(18.0)	9.1	36.2
Profit on ordinary activities before taxation	39.8	142.0	229.5

The costs of the Medium Term Incentive Scheme included under core income relates to rolled-up interest.

*Net (loss)/gain relating to movements in the fair value of derivatives used to economically hedge certain liabilities of the Group, excluding any interest accruals and spot F/X-translation movements on these derivatives, are not considered part of core income.

2 Basis of accounting

The interim financial statements have been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union and 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 period ended 31 March 2008.

3 Segmental revenue

(a) Business segments

	Mezzanine finance £m	Fund management £m	Total £m
For the six months ended 30 September 2008			
Revenue – external	164.7	32.2	196.9
Segment result	29.8	10.0	39.8
For the year ended 31 March 2008			
Revenue – external	379.2	49.9	429.1
Segment result	191.8	37.7	229.5
For the six months ended 30 September 2007			
Revenue – external	204.7	28.7	233.4
Segment result	121.6	20.4	142.0

(b) Geographical segments

	Asia Pacific	Europe	US	Total
For the six months ended 30 September 2008				
Revenue – external	11.1	180.7	5.1	196.9
For the year ended 31 March 2008				
Revenue – external	44.2	383.7	1.2	429.1
For the six months ended 30 September 2007				
Revenue – external	8.0	225.3	0.1	233.4

Notes continued

4 Dividends

The interim dividend of 20.5p per share will be paid to members registered at the close of business on 5 December 2008.

5 Earnings per share

	Six months ended Sept 30 2008 £m	Six months ended Sept 30 2007* £m	Year ended Mar 31 2008 £m
Earnings			
Earnings for the purposes of basic earnings per share being net profit attributable to the equity holders of the parent	25.7	93.3	154.8
Number of shares	2008	2007	2008
Weighted average number of ordinary shares for the purposes of basic earnings per share	86,279,811	74,222,027	72,548,930
Effect of dilutive potential ordinary shares	1,393,806	909,284	887,054
Weighted average number of ordinary shares for the purposes of diluted earnings per share	87,673,617	75,131,311	73,435,984

*The earnings per share for 2007 have been restated following ICG's ordinary share Rights Issue in February 2008, by multiplying the prior period eps by the adjustment factor of 0.94797. The weighted average number of ordinary shares have therefore been adjusted by dividing by 0.94797.

6 Financial liabilities

Private placements

During the period, the Group issued two fixed interest rate private placements of £20m and US\$22m, repayable in 2018 and 2015 respectively. During the period there were repayments of private placements of US\$22m.

Bank facilities

During the period there was a net drawdown of £27m on the facility dated April 2005, amended in December 2006.

A new facility was entered into on 31 March 2008 of £450m. Net drawdowns during the period were £225m.

7 Equity shareholders' funds

Six months ended 30 September 2008	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Foreign currency translation reserve £m	Reserve for share based payments £m	Available for sale or reserve £m	Retained earnings £m	Total £m
Balance at 31 March 2008	17.2	348.5	1.4	–	5.3	12.6	511.2	896.2
Foreign exchange	–	–	–	0.6	–	0.9	–	1.5
Exercise of share options	0.1	–	–	–	–	–	–	0.1
Credit for share based payments	–	–	–	–	2.5	–	–	2.5
Revaluation of available for sale investments	–	–	–	–	–	1.3	–	1.3
Profit for the period	–	–	–	–	–	–	25.7	25.7
Dividends paid	–	–	–	–	–	–	(39.2)	(39.2)
Balance at 30 September 2008	17.3	348.5	1.4	0.6	7.8	14.8	497.7	888.1

Notes continued

7 Equity shareholders' funds continued

Six months ended 30 September 2007	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale or reserve £m	Retained earnings £m	Total £m
Balance at							
31 March 2007	14.0	175.7	1.4	2.9	8.1	399.5	601.6
Exercise of share options	0.1	1.3	–	–	–	–	1.4
Credit for share based payments	–	–	–	1.3	–	–	1.3
Revaluation of available for sale investments	–	–	–	–	1.8	–	1.8
Profit for the period	–	–	–	–	–	93.3	93.3
Dividends paid	–	–	–	–	–	(29.2)	(29.2)
Balance at 30 September 2007	14.1	177.0	1.4	4.2	9.9	463.6	670.2
Year ended 31 March 2008	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale or reserve £m	Retained earnings £m	Total £m
Balance at							
31 March 2007	14.0	175.7	1.4	2.9	8.1	399.5	601.6
Foreign exchange	–	–	–	–	1.5	(0.1)	1.4
Exercise of share options	0.1	1.5	–	–	–	–	1.6
Proceeds from Rights Issue	3.1	171.3	–	–	–	–	174.4
Credit for share based payments	–	–	–	2.4	–	–	2.4
Revaluation of available for sale investments	–	–	–	–	3.0	–	3.0
Profit for the period	–	–	–	–	–	154.8	154.8
Dividends paid	–	–	–	–	–	(43.0)	(43.0)
Balance at 31 March 2008	17.2	348.5	1.4	5.3	12.6	511.2	896.2

8 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 ending 31 March 2008.

9 General

The interim financial statements for the six months to 30 September 2008 were approved by the Board on 20 November 2008. These financial statements are unaudited, but they have been reviewed by the auditors, having regard to the bulletin "Review of Interim Financial Information" issued by the Auditing Practices Board.

The financial information for the year ended 31 March 2008 does not constitute statutory accounts under section 240 of the Companies Act 1985. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditors' report on those statements was unqualified and did not include a statement under section 237 (2) or (3) of the Companies Act 1985.

Copies of this statement are available on our website.

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 2008 which comprises the condensed income statement, the condensed balance sheet, the condensed statement of recognised income and expense, the condensed cash flow statement and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements 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 2, 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 accompanying interim financial information 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 & Touche LLP

Chartered Accountants and Registered Auditor
London, UK
24 November 2008

Shareholder Information

Timetable

The major timetable dates are as follows:

Ex dividend date	3 December 2008
Record date for Financial Year 2008 final dividend	5 December 2008
Payment of final dividend	29 December 2008
Full year results announcement for the 12 months to 31 March 2009	May 2009

Registrars

The address of the Registrars is:

Computershare Investor Services PLC
PO Box 92
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Internet website

The Company's website address is www.icgplc.com. Copies of the Annual and Half Year Reports and other information about the Company are available on this site.

Company Information

Stockbrokers

JP Morgan Cazenove
20 Moorgate
London
EC2R 6DA

Bankers

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

Lloyds TSB plc
25 Gresham Street
London
EC2V 7HN

Registered office

20 Old Broad Street
London
EC2N 1DP

Auditors

Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors
London

Registrars

Computershare Investor
Services PLC
PO Box 92
The Pavillions
Bridgwater Road
Bristol
BS99 7NH

Company Registration Number

2234775





Intermediate Capital Group PLC

20 Old Broad Street
 London EC2N 1DP
 United Kingdom
 Telephone: +44 (0)20 7628 9898
 Fax: +44 (0)20 7628 2268

**Intermediate Capital
 Beratungsgesellschaft GmbH**

12. Stockwerk
 An der Welle 5
 60322 Frankfurt
 Germany
 Telephone: +49 (0) 69 254 976 50
 Fax: +49 (0) 69 254 976 99

ICG Benelux B.V.

Paulus Potterstraat 20 II/III
 1071 DA Amsterdam
 The Netherlands
 Telephone: +31 (0)20 3059600
 Fax: +31 (0)20 3059620

**Intermediate Capital Asia
 Pacific Limited**

36th Floor, Edinburgh Tower
 15 Queen's Road Central
 Hong Kong
 Telephone: +852 2297 3080
 Fax: +852 2297 3081

**Intermediate Capital Australia
 Pty Limited**

Level 18, 88 Phillip Street
 Sydney NSW 2000
 Australia
 Telephone: +61 (0)2 9241 5525
 Fax: +61 (0)2 9241 5526

Intermediate Capital SAS

38 Avenue Hoche
 75008 Paris
 France
 Telephone: +33 (0)1 4495 8686
 Fax: +33 (0)1 4495 8687

Intermediate Capital Nordic AB

Birger Jarlsgatan 13, 1tr
 111 45 Stockholm
 Sweden
 Telephone: +46 (0)8 545 04 150
 Fax: +46 (0)8 545 04 151

**Intermediate Capital Group
 España S.L.U.**

Serrano, 30-3°, 28001
 Madrid
 Spain
 Telephone: +34 91 310 7200
 Fax: +34 91 310 7201

Intermediate Capital Japan K.K.

Level 34, Roppongi Hills MORI Tower
 6-10-1 Roppongi
 Minato-ku, Tokyo
 Japan
 Telephone: +81 3 5771 3461
 Fax: +81 3 5771 3470

Intermediate Capital Group, Inc.

250 Park Avenue, Suite 810
 New York, NY 10177
 USA
 Telephone: +1 212 710 9650
 Fax: +1 212 710 9651