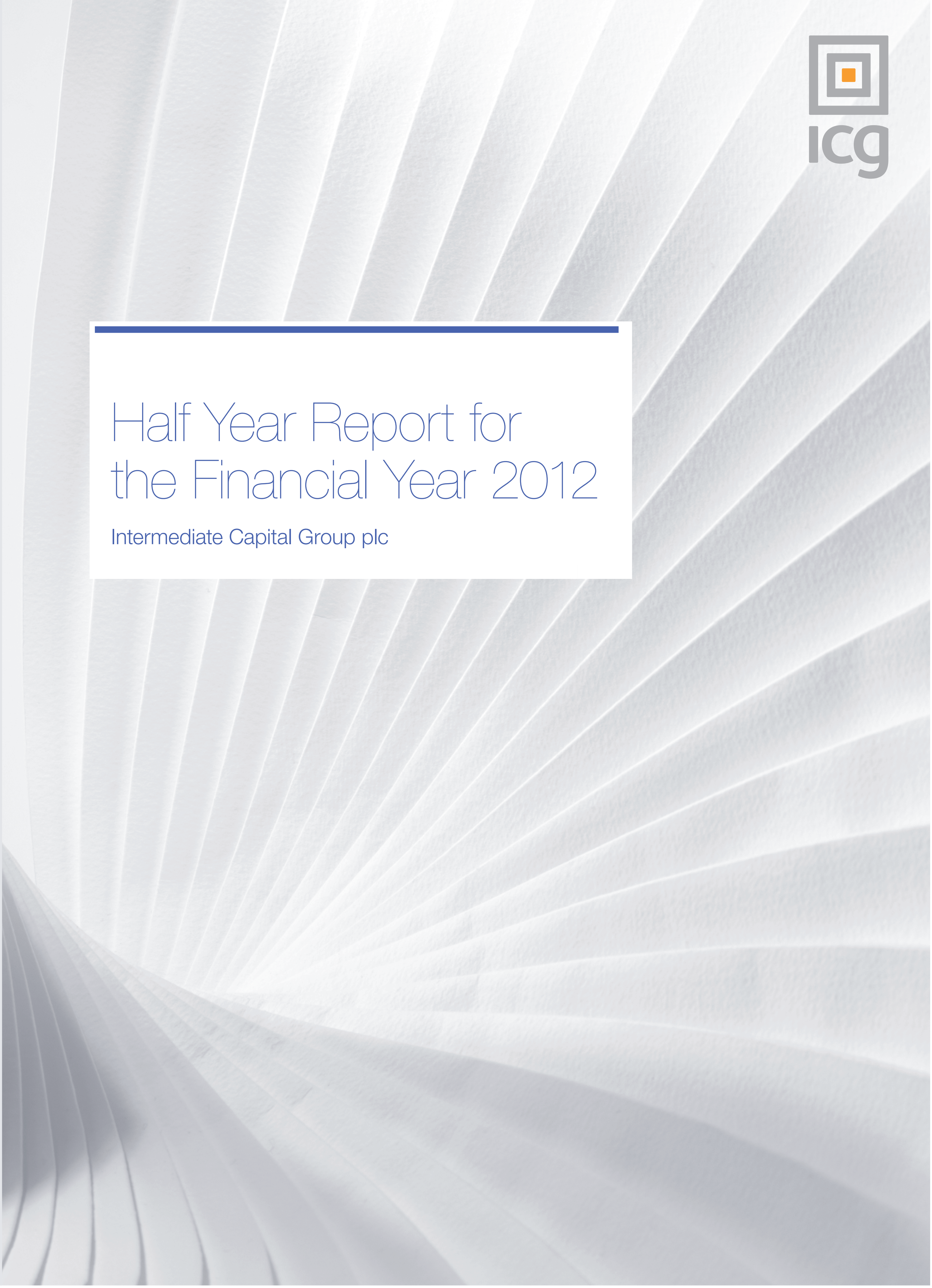


Half Year Report for the Financial Year 2012

Intermediate Capital Group plc

About ICG

We structure and provide mezzanine finance, leveraged credit and minority equity, managing €12.0 billion of assets from third party investors and our balance sheet.

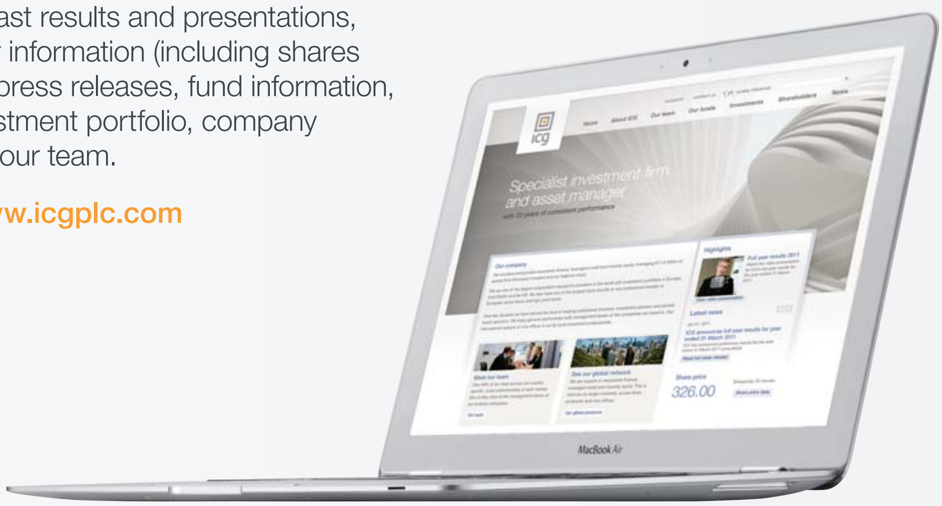
We are one of the largest independent mezzanine providers in the world with investment portfolios in Europe, Asia Pacific and the US. We also have one of the longest track records of any institutional investor in European senior loans and high yield bonds. Established in 1989, ICG is a FTSE 250 company (ticker: ICP).

Over two decades we have earned the trust of leading institutional investors, investment advisors and private equity sponsors. We enjoy close partnerships with the management teams of the companies we invest in. Our international network of nine offices is run by local investment professionals who are part of the local market.

What you'll find online

You'll find past results and presentations, shareholder information (including shares calculator), press releases, fund information, our full investment portfolio, company history and our team.

▸ **Go to www.icgplc.com**



Highlights

Operational Highlights

- €1.1 billion first closing of ICG Europe Fund V, including €500 million co-investment from ICG, with good momentum towards our €2 billion target
- £242 million final close on Longbow UK Real Estate Debt Investments II, including £50 million commitment from ICG
- Resilient investment portfolio

Financial Highlights

- Group profit before tax[1] of £108.8 million compared to £105.1 million in the first half of last year (H1 11)
- £100.6 million uplift to reserves following adoption of fair value accounting for our equity investments
- Fund Management Company profit of £17.1 million compared to £16.9 million in H1 11
- Investment Company profit[1] of £91.7 million compared to £88.2 million in H1 11
- Strong balance sheet with unutilised debt facilities of approximately £615 million
- Interim dividend of 6 pence per share, unchanged from last year

	Unaudited 6 months to 30 September 2011	Unaudited 6 months to 30 September 2010	Unaudited 12 months to 31 March 2011
Fund Management Company profit before tax	**£17.1m**	£16.9m	£35.9m
Investment Company profit/(loss) before tax[1]	**£91.7m**	£88.2m	£150.4m
Group profit before tax[1]	**£108.8m**	£105.1m	£186.3m
Group profit after tax[1]	**£85.1m**	£67.5m	£128.1m
Earnings per share[1]	**21.6p**	17.2p	32.6p
Cash core income	**£63.3m**	£43.8m	£106.7m
Interim dividend per share	**6.0p**	6.0p	18.0p
Investment portfolio	**£2,414m**	£2,630m	£2,424m
Third party assets under management	**€9,165m**	€8,718m	€9,036m

[1] Including impact of fair value movements on derivatives (H1 12: gain of £8.1 million; H2 11: loss of £12.3 million; H1 11: gain of £8.5 million)

The definitions for Fund Management Company ("FMC"), Investment Company ("IC"), Cash core income, Assets under management ("AUM") as well as details of our equity valuation policy are available in the Financial Review

Business review

Overview

The first half of the year marked another period of strong financial performance for ICG with a profit before tax of £108.8 million, up from £81.2 million in the second half of last year, and £105.1 million in the first half of last year.

Our fund management business continues to strengthen with significant developments in the fundraising of our Mezzanine and Real Estate debt funds that has resulted in AUM increasing by 2% to €12.0 billion. Despite the challenging fundraising environment we successfully completed the first close of our latest European mezzanine fund and the final close of Longbow Real Estate Capital's debt fund.

Our investment portfolio continued to perform well in the reporting period resulting in a low level of new impairments and further realisations. In addition, in preparation for the application of IFRS 9 in 2015, we have applied fair value principles to our equity portfolio. This resulted in an uplift of £100.6 million in reserves, despite the sharp fall in prices in the public equity markets since August. The vast majority of our portfolio companies operate in the strongest European economies, the US, and Asia Pacific. We have very limited exposure to Spain and Italy (less than 10% of our portfolio companies by value) and no investments in Greece, Ireland or Portugal.

We have also made significant progress in terms of refreshing the funding of our balance sheet and, taking into account contracted transactions, current undrawn debt facilities amount to approximately £615 million.

Market Update

Credit Market

As the prospect of a severe sovereign debt crisis in Europe resurfaced over the summer, the record levels of new high yield bond issuance, which had been a feature of the market over the last two years, came to an abrupt end. Only a handful of new high yield bond issues have completed since the summer, and these were primarily from repeat high quality issuers. Consequently, there has been a significant decrease in the volume of repayments received by Collateralised Loan Obligation funds ("CLOs") which have therefore had limited or no cash to re-invest in the loan market.

Moreover, European banks have further retrenched from the corporate lending market as they respond to additional capital and liquidity constraints. As such, their appetite for leveraged buyout (LBO) financing is extremely limited.

As a result there has been a substantial fall in the amount of debt available to finance new and existing LBO transactions since the summer and we believe that this scarcity of debt finance will remain a feature of the European LBO market for years to come. The price of debt capital has already moved up sharply and we expect that it will remain at a high level for a long time.

This scarcity of senior debt finance has resulted in a material slowdown of LBO activity in the past three months. We, however, expect activity to gradually pick up as private equity firms continue to have large amounts of equity capital to deploy. This resumption of LBO activity will depend on the emergence of alternative sources of senior debt.

The imbalance between demand and supply of debt will result in higher pricing and better overall lending terms, giving the asset class very favourable risk/return profile and thereby attracting capital inflows from institutional investors in search of yield. Experienced specialist lenders, such as ICG, will play a leading role in reshaping the senior debt market in the coming years.

While private equity firms have used the temporary liquidity available in the past 18 months to finance new transactions, they have failed to take advantage of this liquidity to extend the maturity of the debt in their portfolio companies in any material way. As a result, the amount of LBO senior debt falling due between 2013 and 2015 still exceeds £100 billion. It is unlikely that current lenders will be in a position to extend a large proportion of this outstanding debt given their constraints. This will generate a considerable demand for new funds to refinance these businesses.

Fundraising market

There is growing recognition by institutional investors of the opportunities that are emerging in the credit market as a result of the above structural changes and there has been a noticeable increase in interest in our specialist funds. However, given the continued economic uncertainty and heightened market volatility institutional investors' investment decision making process has noticeably slowed.

Strategic Priorities

Against this backdrop, our strategic priorities remain to:

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

Grow our Fund Management Company

AUM has grown to €12.0 billion (£10.3 billion) at 30 September 2011 compared to €11.8 billion (£10.6 billion) at 31 March 2011. This includes €9.2 billion (£7.9 billion) of third party funds, up 1.4%.

We are expanding our marketing and distribution team in order to broaden our coverage of institutional investors.

Key to increasing the AUM of the Fund Management Company is the performance of our existing funds so as to attract new third party investors and repeat business from current investors. All our funds continue to perform well.

Mezzanine Funds

Our mezzanine funds continue to achieve top quartile performance compared to private equity returns.

ICG Mezzanine Fund 2000 is entirely realised and has returned a net money multiple of 1.7 times to investors. ICG Mezzanine Fund 2003 added to the string of successful realisations in the year to March 2011, by exiting its investment in Souriau in this reporting period. Our European Fund 2006, which is now closed to new investment, realised Bureau van Dijk, the company information and business intelligence provider, and one of its largest assets, and Eismann, a leading frozen food retailer in Germany (subject to approval by the relevant authorities).

Our fifth European mezzanine fund, ICG Europe V, has successfully completed its first close having received €1.1 billion of commitments, which includes a €500 million co-investment commitment from ICG. This constitutes a significant step towards the target fund size of €2 billion. The fund has received commitments from both long-term ICG investors and new investors from Europe, North America, the Middle East and Asia. The fund has already made its first investment having supported the buyout of Bureau van Dijk. Investor interest in the fund continues to be strong.

Our Asia Pacific Fund 2008 completed a new investment in Tegel, New Zealand's leading integrated poultry producer. This transaction also represents an exit for the Asia Pacific Fund 2005 which retained a minority equity interest from the original 2006 buyout.

Credit funds

Our senior loan and high yield portfolios have delivered strong performances in the period, with default rates remaining at historical lows. Our 12 month senior loan default rate at 30 September 2011 was 0.65%. This low default rate has resulted in a further improvement of the performance ratios across our structured funds and sustained junior fees.

Despite the volatility in capital markets negatively impacting the value of assets, our dedicated High Yield fund has continued to avoid any defaults and outperform the market. The fund is building a strong track record.

Whilst we do not expect defaults to increase materially in the short term, we will continue to position these funds defensively given the uncertain economic outlook.

Longbow Real Estate Capital

Longbow, in which we own a majority stake, completed the final close of Longbow UK Real Estate Debt Investments II fund in September, with £242 million of commitments received from a variety of blue chip institutional investors which includes a £50 million commitment from ICG. We are delighted by how positively the fund was received by investors given the difficult fundraising environment.

We believe the success of this fundraising highlights the strong refinancing opportunities that exist in the commercial real estate debt market. The dynamics of this market mirror those of the LBO credit market described above. Debt is scarce as traditional lenders, banks and Commercial Mortgage Backed Securities (CMBS) vehicles continue to retrench from this market, while demand for refinancing capital remains acute. As a result refinancing opportunities are attractive with increasingly favourable pricing.

Invest selectively

Given the uncertain and fragile economic outlook, we remain cautious and highly selective in deploying capital and have slowed the pace of investment.

We made proprietary investments of £136 million across Europe, Asia Pacific and the US over the reporting period on behalf of our Investment Company. We made £8 million of co-investments in Tegel and CNIG (our first investment in China) alongside our Asia Pacific Fund 2008. In the US, the Investment Company invested £21 million of mezzanine and equity in its 10th US asset alongside AEA Investors. The transaction involved the acquisition of Cogent Healthcare by Hospitalists Management Group (HMG). HMG and Cogent Healthcare have merged to form the largest private hospitalist (hospital based general practitioner) company in the United States, with nearly 1,000 affiliated hospitalists practising in more than 100 healthcare facilities nationwide. In Europe the Investment Company re-invested £94 million in the new buyout of Bureau van Dijk, a portion of which has been warehoused on behalf of ICG Europe V while the fund is being raised. Based on the €1.5 billion target of external commitments for this fund, the IC's final hold will be circa £32.5 million.

Manage our portfolio to maximise value

The performance of the Investment Company's portfolio remains strong. At our latest quarterly portfolio review, in September 2011, 69% of our investments were performing at or above the prior year level. This compares to 62% at the end of September 2010 and 74% at the end of March 2011, despite the realisations of high performing assets in the past 12 months and increasingly strong prior year comparables. Our top 20 assets, which account for 51% of the portfolio, continue to perform strongly.

As a result, the gross impairment charge taken by our Investment Company against our mezzanine investments, at £11.6 million, was minimal. In addition there was an impairment of £28.0 million against the value of shareholder loan investments, resulting in total gross provisions of £39.6 million compared to £54.3 million in the first half of last year and £35.5 million in the second half. We have written back a £8.1 million provision against one previously impaired asset which now shows significantly improved operating performance and financial outlook.

While we have not so far seen any significant signs of deterioration in the performance of the portfolio as a whole, we are fully focused on managing our portfolio and will exercise extra vigilance in monitoring our portfolio companies given the deteriorating economic conditions. We have however been cautious in writing back the provisions taken in the last recessionary environment as the recovery witnessed in 2010 remained fragile in our view. As a result we continue to hold substantial provisions against our weaker assets.

We have realised significant value from our portfolio having exited nine portfolio companies, which generated £10.1 million of realised capital gains, £188.5 million in repayments of principal and the crystallisation of £58.6 million of accrued interest for our Investment Company.

Business review continued

Key exits in the period included Bureau van Dijk and Tegel. We also partially exited our investment in Au Bon Pain after the company refinanced its existing debt and repaid our mezzanine investment. We remain invested in the equity. Since the end of the first half we have agreed to exit our stake in Eismann and Raet, which we expect to complete in the second half. These two assets have generated unrealised capital gains of £12.8 million.

While we remain on track to realise a number of identified investments, the current market volatility is likely to result in a decline in the rate of realisations in the near term.

Outlook

Although the global economic outlook remains unstable, we believe that ICG is uniquely positioned to take advantage of the favourable dynamics in the credit market. Debt financing is expected to remain scarce as the ability of traditional providers: such as banks and CLOs continues to diminish. Conversely, demand for debt finance is expected to significantly increase with high levels of European buyout debt scheduled to mature between 2013 and 2015, and the significant volume of private equity capital requiring investing.

We believe these dynamics present a number of attractive investment opportunities to generate high returns for investors: the acquisition of debt at attractive discounts in a distressed market; the provision of recovery finance to existing buyouts; and structuring flexible financing solutions for new transactions. We will continue to work with institutional investors to capture these investment opportunities.

Given the uncertain outlook for economic environment, however, we will be highly selective when it comes to new investment. We will use our extensive local network, deep relationships and existing portfolio to invest in new transactions where we see the best value.

Christophe Evain
CEO

22 November 2011

Financial review

ICG's business activities, together with the factors likely to affect its future development, performance and financial position, its cash flows, liquidity position and borrowing facilities are described in this financial review.

ICG's principal risks and uncertainties and how they are mitigated are documented in this statement.

As highlighted in this statement, ICG has had another successful year and our portfolio, as a whole, is performing satisfactorily.

Going concern statement

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the interim financial statements. Further details are available in note 1.

Definitions

We now report the profit of the Fund Management Company ("FMC") separately from the profits generated by the Investment Company ("IC") in our segmental reporting note.

The FMC is an operating vehicle of ICG plc. It sources and manages investments on behalf of the IC and third party funds. It bears 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.

The IC is an investment unit of ICG plc. It co-invests alongside third party funds, primarily in mezzanine and growth capital assets. It is charged a management fee of 1% of the carrying value of the investment portfolio by the FMC. The costs of finance, treasury, and portfolio administration teams as well as the other 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 this scheme remains operational.

Longbow Real Estate, a UK real estate debt specialist providing mezzanine finance to the UK commercial property market, in which we own a majority 51% stake, is fully consolidated into the results for the FMC for the year with the minority stake deducted.

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

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

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

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

Valuation of equity

ICG holds a number of equity investments that present the Group with the opportunity to enhance returns. Equity investments comprise unlisted shares, warrants and shareholder loans,

In preparation for the application of IFRS 9 in 2015 and in line with the industry, we have applied fair value principles to our unquoted equity portfolio when valuing our equity investment at 30 September 2011.

The value of these investments was £698 million at 30 September 2011, representing 28% of the value of our investment portfolio. This comprises £398 million of unlisted shares and warrants and £300 million of shareholder loans.

As a result of fair valuing our portfolio of unlisted shares and warrants, we have booked through the profit and loss account unrealised capital gains of £27.4 million. In addition there has been uplift to reserves of £100.6 million relating to unlisted shares. This was partly offset by £28.0 million impairments of our shareholder loan assets.

Unlisted shares and warrants

Investments in unquoted equities have generally been classified as an AFS asset. IAS 39 allowed unquoted equity assets without an observable market price, and whose fair value could not be reliably measured, to be held at cost. Any observable valuation resulted in an uplift in the value of the asset, with gains or losses on derecognition recycled to the P&L.

As these instruments are all held in private companies with no ready market, the events to crystallise such a valuation include the sale of shares to a third party by a substantial shareholder or the approach of an exit to the transaction, either by way of a float or a sale. Therefore, the fair valuing of such unquoted shares has historically been restricted to those instruments whose value may be reliably measured, for example by one of the above events. In the absence of such an event, ICG's policy has been to hold its unquoted equity assets at cost as we have considered that there were a significant range of possible fair values estimates for these assets, and the probabilities of the various estimates could not be reasonably assessed.

The International Accounting Standard Board has issued the new financial instrument standard, IFRS 9, with a proposed effective date of 1 January 2015. IFRS 9, when it is adopted, requires unquoted equity assets to be held at fair value through the P&L as: (i) the AFS classification will no longer be available; and (ii) the cost option in IAS 39 will no longer be available. As a consequence of this, and the narrowing range of estimates for these assets disclosed in our financial statements last year, we have reviewed and enhanced our valuation methodology and processes. We are performing quarterly valuations and are now using these valuations to value our unquoted equity under IAS 39 at fair value. As this represents a change in the valuation technique applied, the entire uplift has been accounted for in the current period under review.

Financial review continued

The total carrying amount of these instruments and warrants (which are classified as fair value through profit and loss) was £274.4 million at 31 March 2011. As at that date, we estimated that the range of estimates within which the aggregate fair value was likely to lie was £145.0 million to £165.0 million higher than the carrying value.

Shareholder loans

Under IAS 39, shareholder loans are classified as loans and receivables and are valued at amortised cost using the effective interest method.

Impairments of shareholder loans are driven by ICG Investment Committee's assessment of the recoverability of the carrying value, based on the valuation of the equity of the company and its operating performance.

Overview

The profit before tax of the Fund Management Company for the six months to 30 September 2011 was £17.1 million up from £16.9 million in the first half of last year, mainly due to growth in fee income. Total AUM at 30 September 2011 were £10,287 million.

Profit before tax for the Investment Company, including fair value movement on derivatives, was £91.7 million compared to £88.2 million in the first half of last year.

As a result, Group profit before tax rose to £108.8 million, compared to £105.1 million in the first half of last year.

In addition there was an uplift to reserves of £100.6 million relating as a result of fair valuing our investments in unlisted shares.

Shareholders' funds at 30 September 2011 stood at £1,366.3 million compared to £1,250.4 million at 31 March 2011.

We agreed in September 2011 the extension of the maturity of £117 million debt facilities which were scheduled to fall due in April 2012 and, as a result, debt facilities maturing in April 2012 now amount to circa £320 million.

We have also recently signed an additional £75 million facility from a new lender. We continue to review alternative sources of financing to refresh and further diversify the balance sheet funding to support long term growth.

At 30 September 2011 our undrawn debt facilities stood at £465 million. Adjusted for exit proceeds signed but not yet received and the new lending facility, headroom is approximately £615 million.

Profit and loss account

Fund Management Company

Assets under management

AUM at 30 September 2011 were £10,287 million compared to £10,408 million at 31 March 2011 and £10,126 million at 30 September 2010. The appreciation of sterling against the euro has negatively impacted AUM by 3%.

Third party AUM, were £7,872 million compared to £7,984 million at 31 March 2011.

Mezzanine and Minority Equity AUM amounted to £3,274 million compared to £3,058 million at 31 March 2011.

Credit funds AUM were £4,599 million compared to £4,926 million at 31 March 2011 as AUM in our older CLO funds continue to reduce when assets are realised. Credit Funds AUM include £57.1 million of seed equity provided by ICG Group compared to £70.8 million at 31 March 2011. The reduction in seed capital was principally due to a decline in value of the seed capital of our high yield and loan funds reflecting lower asset prices in the market.

AUM of the Investment Company stood at £2,414 million. A discussion on balance sheet investments is included below.

Fee income

Fee income for the first half of the year amounted to £42.9 million compared to £39.1 million in the first half of last year.

Fee income from third parties was £30.3 million compared to £26.1 million in the first half of last year.

Fee income for our Mezzanine and Minority Equity funds totalled £17.2 million compared to £16.2 million in the first half of last year. The contribution of carried interest to fee income was £2.1 million (in relation to ICG Mezzanine Fund 2003) compared to £1.3 million in the first half of last year (in relation to ICG Mezzanine Fund 2003).

Fee income for our Credit funds amounted to £13.1 million compared to £9.9 million in the first half of last year, due to higher junior fees.

Fee income from the Investment Company amounted to £12.6 million compared to £13.0 million in the first half, due to a slightly lower average investment book value.

Other income

Other income was £2.2 million for the period, compared to £1.1 million in the first half of last year.

Operating expenses

Operating expenses were £28.0 million compared to £23.3 million in the first half of last year, mainly due to the further roll out of the new remuneration scheme as well as the increase in our marketing and distribution headcount. Salaries, excluding incentive schemes, and administrative expenses were at £18.9 million compared to £15.9 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 £17.1 million compared to £16.9 million in the first half of last year.

Investment Company

Balance sheet investments

The balance sheet investment portfolio amounted to £2,414 million compared to £2,424 million at 31 March 2011. This excludes £57.1 million of seed equity in our Credit funds and £73.2 million of debt held in our Credit funds.

In the six months to 30 September 2011, the balance sheet invested £136.2 million, of which £13.5 million were follow-on investments. This includes £94.3 million in Bureau van Dijk, part of which is warehoused on behalf of ICG Europe V while the fund is being raised. Based on the €1.5 billion target of external commitments for this fund, the IC's final hold will be circa £32.5 million. Other investments for the period include, CNIG (our first investment in China), HMG and Tegel.

There were £188.5 million of repayments, which included Aster, Au Bon Pain, Bureau van Dijk, Dometic, Tegel, Souriau, Veda and V Ships.

The investment portfolio comprises £1,318 million of senior mezzanine and senior debt (55%), £398 million of junior mezzanine investments (16%), £698 million of equity investments (29%) (excluding amounts invested in our credit funds). The equity comprises £300 million of shareholder loans and £398 million of non-interest bearing equity.

Net interest income

Net interest income, excluding dividend income and fair value movement on derivatives held for hedging purposes, was £98.5 million compared to £95.0 million in the first half of last year.

Interest Income was £129.1 million compared to £121.3 million in the first half of last year. Cash interest income for the period was £46.1 million and rolled up interest income was £83.0 million.

Interest expense was £30.7 million compared to £26.3 million in the first half of last year.

Fair value movements of financial instruments held for hedging purposes resulted in an £8.1 million positive adjustment this year compared to a £8.5 million positive adjustment for the first half of last year.

Other income

Dividend income from portfolio companies was £1.4 million compared to nil in the first half of last year. Other income, principally waiver and prepayment fees, amounted to £0.7 million, compared to £1.4 million in the first half of last year.

Operating expenses

Operating expenses were £26.2 million compared to £33.0 million in the first half of last year. The first half of last year included a one-off £5.7 million cost relating to an onerous lease contract on 20 Old Broad Street following our move to our new premises. As a consequence our rental costs are reduced by £0.6 million a year on average for the following ten years. This has no material impact on a cash basis.

The Medium Term Incentive Scheme ("MTIS") charged on rolled up interest accruals for the period, amounted to £6.0 million compared to £10.1 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.

The management fee on balance sheet investments for the period was £12.6 million compared to £13.0 million due to a slightly lower average value of the IC's portfolio.

Capital gains

Gross capital gains totalled £49.6 million in the first half of the year compared to £86.8 million in the first half of last year. This includes an unrealised gain of £32.0 million. £12.1 million relate to assets realised during the period but for which proceeds will be received in the second half of the year and £27.4 million relate to the fair value uplift of warrants. There was a £7.5m negative impact of the value of our seed capital as a result of the drop in asset values during August and September. As a result net capital gains were £42.1 million.

Impairments

Gross provisions amounted to £39.6 million, including £28.0 million relating to impairments of shareholder loans and impairments relating to three mezzanine assets for £10.0 million. This compares to gross provisions of £54.3 million in the first half of last year.

Recoveries in the period were £11.2 million compared to £1.2 million in the first half of last year. We wrote back the provisions on one of our investments which saw a strong operational recovery during the year.

Net impairments for the six months to 30 September 2011 were therefore £28.4 million compared to £53.1 million at 30 September 2010.

Profit before tax

Profit before tax for the IC, excluding fair value movement of derivatives held for hedging purposes, was £83.6 million compared with £79.7 million in the first half of last year.

Group

Profit after tax, ROE, earnings per share

Group profit after tax is £85.1 million compared with £67.5 million in the first half of last year.

The Group generated a ROE of 13.0% compared to 12.0% in the first half on last year.

Earnings per share for the six months to 30 September 2011 were 21.6 pence compared to 17.2 pence in the first half of last year. The weighted average number of shares for the period was 394,819,070.

Dividend per share and cash profit measures

Cash core income for the six months to 30 September 2011 was £63.3 million compared to £43.8 million in the first half of last year. Realised rolled up interest amounted to £58.6 million over the period and accrued rolled up interest was £83.0 million. Net of MTIS charges these figures were £48.7 million and £77.0 million, respectively.

The Board has declared an interim dividend of 6 pence per share, unchanged from last year. The interim dividend will be paid on 6 January 2012 to shareholders on the register at 2 December 2011.

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 dividends in shares in lieu of cash. The Board has decided to continue with this scheme.

Pre-incentive cash profit was £67.8 million compared to £28.6 million in the first half of last year.

Group cash flow

Operating cash flow

Interest income received during the first half of the year was £102.4 million compared to £78.8 million in the first half of last year. Over the period, realisation of rolled up interest was £58.6 million, compared to £31.3 million in the first half of last year. Interest expense was £25.5 million, compared to £21.5 million. This resulted in a positive cash spread of £76.9 million, compared to £57.3 million in the first half of last year. Dividend income was £3.7 million compared to £1.1 million last year.

Financial review continued

Third party fee income received amounted to £29.8 million, compared to £19.8 million in the first half of the previous year. Operating expenses were £65.0 million, compared to £37.2 million in the first half of last year.

As a result, operating cash flow for the six months to 30 September 2011 was £45.4 million, compared to £40.9 million in the six months to 30 September 2010.

Cash flow relating to capital gains

Cash flow relating to capital gains, net of MTIS payments, was a negative £25.2 million in the first half of this year compared to £23.7 million in the first half of last year. This is due to the payment during this reporting period of the MTIS relating to the year to March 2011, when capital gains amounted to £133.4 million.

Free cash flow

Tax expense paid was £41.5 million compared to a £25.5 million tax refund last year in respect of prior years.

In addition we purchased £16.9 million of ICG shares in the first half of this year to hedge the new incentive schemes.

Following repayments, syndication proceeds and recoveries of £161.0 million, free cash flow prior to investments and dividends, was £139.8 million, compared to £227.3 million generated in the first half of last year.

Movement in net debt and cash balances

The above cash flow financed investments of £83.2 million, a dividend payment of £46.4 million and a reduction in net debt of £10.2 million.

Group balance sheet

Capital position

Shareholders' funds at 31 March 2011 stood at £1,366.3 million, up 9.3% compared to £1,250.4 million at 31 March 2011, due to the increase in retained earnings during the year and the £100.6 million in reserves due to the uplift in fair value of our equity investments.

Net debt was £1,301.0 million at 30 September 2011 compared to £1,248.6 million at 31 March 2011.

Net debt to shareholder funds at 30 September 2011 was therefore 95%, compared to 100% at the end of last year.

Investment capacity

We have recently agreed the extension of the maturity of £117 million of debt facilities which were scheduled to fall due in April 2012 and, as a result, debt facilities maturing in April 2012 now amount to circa £320 million.

Furthermore we have recently signed an additional seven year £75 million debt facility from a new lender. We continue to review alternative sources of financing to refresh and further diversify the balance sheet funding to support long term growth. This is not included in the above headroom figure.

At 30 September 2011 our undrawn debt facilities stood at £465 million. Adjusted for exit proceeds signed but not yet received and the new £75 million debt facility, headroom is now approximately £615 million.

Financial outlook

We remain confident in the outlook of the business despite the uncertain economic outlook and heightened market volatility.

The performance of the FMC will benefit from the fee income generated by our new European mezzanine fund which achieved a first closing in September. The new compensation schemes are expected to continue to allocate a greater proportion of our incentive scheme costs to the FMC.

We expect net interest income to be resilient. The volatility in capital markets and the uncertainty in the economic outlook are likely to result in a lower level of realisations in the second half but we have a number of ongoing exit processes which remain on track. Although we have not seen any signs of deterioration to date, it is likely that the more challenging economic environment will, in due course, impact our portfolio companies, potentially resulting in higher impairment charges. We have however been cautious in writing back the provisions taken in the last recessionary environment as the recovery witnessed in 2010 remained fragile in our view. As a result we continue to hold substantial provisions against our weaker assets.

Philip Keller
CFO

22 November 2011

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";
(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and;
(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,

Justin Dowley
Chairman

Philip Keller
CFO

22 November 2011

Corporate governance

Board of directors

As at 31 March 2011, the Board comprised three executive directors, an independent non executive Chairman and four non executive directors of whom all four are independent.

The executive directors are as follows:

- Christophe Evain, CEO
- Tom Attwood, Executive Director*
- Philip Keller, CFO

The non executive directors are as follows:

- Justin Dowley was appointed a non executive director in February 2006, and non executive Chairman in July 2010.
- James Nelson was appointed a non executive director in May 2001. He has been a non executive director of the Company for over nine-years and, following a rigorous review in accordance with the UK Corporate Governance Code, the directors have concluded that he continues to provide effective challenge both within and outside Board meetings. The Board considers him to be independent in character and judgement.
- Jean-Daniel Camus was appointed a non executive director in March 2007.
- Kevin Parry was appointed as a non executive director in June 2009.
- Peter Gibbs was appointed as a non executive director in March 2010.

* Tom Attwood has announced his intention to retire at the end of the current financial year.

Board diversity

ICG considers candidates to serve on its Board using the criteria of merit, relevant experience and ability to contribute to the Board's discussions. We would very much welcome female Board colleagues. Our priority is to ensure that ICG continues to have the strongest possible leadership to which end we will select the best qualified candidates whether male or female.

Principal risks and uncertainties

Risk management is the responsibility of the ICG Board, which has put in place the following risk management structures:

Committees of executives

The Executive Committee comprises the three managing directors of ICG, who each have a specific area of responsibility. The Executive Committee has general responsibility for ICG's resources, implementation of strategy agreed by the Board of directors, financial and operational control and managing the business worldwide.

The Mezzanine and Minority Equity Investment Committee is chaired by Christophe Evain, CEO and Chief Investment Officer (CIO). The Chairman selects up to seven members among two pre-defined lists of senior investment professionals including managing directors and senior members of the Mezzanine and Growth Capital business. One of these members will be nominated as a sponsor member, to reflect the specificities of the investment (geography, size, nature of the transaction). The Committee members are responsible for reviewing and approving all investment proposals presented by investment executives in accordance with the Investment Policy set by the Board. The approval of the Board is required for large investments according to pre-set thresholds. The Mezzanine and Growth Capital Investment Committee also reviews and manages potential and actual conflicts of interest, reviews quarterly performance reports of our portfolio companies, and coordinates management plans for individual assets as necessary.

The Credit Funds Investment Committee is chaired by Christophe Evain, CEO and CIO. The Chairman selects up to five members among two pre-defined lists of senior investment professionals including managing directors and senior members of the Credit Funds Management team. One of these members will be nominated as sponsor member, depending on the specificities of the investment (geography, size, nature of the transaction). The Committee members are responsible for reviewing and approving all investment proposals presented by credit executives in accordance with the Investment Policy. The Credit Funds Investment Committee also reviews and manages potential and actual conflicts of interest, reviews the quarterly performance reports of our credit funds' portfolio companies, and coordinates management plans for individual assets as necessary.

By chairing both Investment Committees, the CIO ensures the Company's Global Investment Strategy is applied consistently across the firm.

The Treasury Committee comprises six members including the CFO and Financial Controller and is responsible for ensuring compliance with the Group's Treasury Policy, reporting any breach of policy to the Audit Committee, monitoring external bank debt and bank covenants, approving and monitoring hedging transactions and approving the Group's list of relationship banks.

Non executive committees

The Audit and Risk Committee comprises four independent non executive directors. The Chairman of the Board as well as the members of the Executive Committee are invited to attend, but are not members of the Committee. The Company's auditors are also invited to attend and have direct access to Committee members. The Committee is responsible for the selection, appointment, and review of the external auditors to the Board; reviewing accounts; the oversight of the investment portfolio; and monitoring the effectiveness of the internal control environment and the risk management systems of the Group.

The Remuneration Committee consists of four non executive directors and the Chairman. Executive directors are not members of the Remuneration Committee but are normally invited to attend except when the Committee is discussing their remuneration. The Committee is responsible for the overall remuneration policy for all ICG staff and ensures that the remuneration arrangements promote sound and effective risk management and are in line with the long term interests of the Company. The Committee determines the level of remuneration of the executive directors and reviews the remuneration of senior management.

Our key risks, and the ways in which we mitigate them are outlined on the following pages.

Business risks

Credit risk

The performance of the Group's funds and investment portfolio is affected by a number of factors. The Group may experience poor investment performance (both in absolute terms and relative to the performance of portfolios managed by competitors and relative to other asset classes) due to the failure of strategies implemented in managing the portfolio assets.

The amount of assets under management and the performance of the investment portfolio may also be affected by matters beyond the Group's control, including conditions in the domestic and global financial markets and the wider economy, such as the level and volatility of bond prices, interest rates, exchange rates, liquidity in markets, credit spreads, margin requirements, the availability and cost of credit and the responses of governments and regulators to these economic and market conditions. Adverse movements in any of the global conditions described above could result in losses on investments from the Group's own balance sheet in the investment portfolio and reduced performance fees received on third party funds, all of which, individually or taken together, could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

Mitigation: ICG has a disciplined investment policy and all investments are selected and regularly monitored by the Group's Investment Committees. ICG limits the extent of credit risk by diversifying its portfolio assets by sector, size and geography.

The majority of third party funds currently managed by the Group are not marked to market and, therefore, market valuations have limited immediate impact on the amount of assets under management.

Principal risks and uncertainties continued

Business risks continued

Fundraising risk

The Group may be unable to raise future investment funds from third parties.

This could limit the Group's capacity to grow AUM and could decrease the Group's income from management, advisory and performance fees and carried interest. The Group's ability to raise investment funds from third parties depends on a number of factors, including the appetite of investors, the general availability of funds in the market and competitor fundraising activity. Certain factors, such as the performance of financial markets or the asset allocation rules or regulations to which such third parties are subject, could inhibit or restrict the ability of certain third parties to provide the Group with investment funds to manage or invest in the asset classes in which the Group invests. In addition, if the Group is unable to increase its assets under management, the level of the Group's return from management, advisory and performance fees and carried interest may be reduced. Furthermore, loss of investor confidence in the Group or in the alternative investment sector generally, whether because of changes in investor risk appetite, investor liquidity requirements, regulatory and fiscal changes, poor relative or absolute performance of the Group's investment or alternative investment funds generally, or for any other reason, could lead to an adverse impact on the Group's performance or financial position.

Mitigation: ICG has a long track record in developing credit related investment products for institutional investors. The Group has built a dedicated fundraising team to grow and diversify its institutional client base by geography and type.

Liquidity and funding risk

Liquidity and funding risk is the risk that ICG will be unable to meet its financial obligations as they fall due because assets held cannot be realised.

The level of repayments on the Group's loan portfolio and consequently on the realisation of rolled up interest as well as delays in realising minority interests could have a negative impact on the Group's investment capacity. In addition, there can be no assurance that the Group will be able to secure borrowings or other forms of liquidity in the longer term on commercially acceptable terms or at all. Failure to secure borrowings or other forms of liquidity on commercially acceptable terms may adversely affect the Group's business and returns. The Group's ability to borrow funds or access debt capital markets in the longer term is dependent on a number of factors including credit market conditions. Adverse credit market conditions may make it difficult for the Group to refinance existing credit facilities as and when they mature or to obtain debt financing for new investments. In addition, the cost and terms of any new or replacement facilities may be less favourable and may include more onerous financial covenants. Failure to secure borrowings on commercially acceptable terms or a default by the Group under its debt agreements may have a material adverse effect upon the Group's financial condition and results.

Mitigation: The Group maintains a diversified portfolio of investments in order to minimise the risk that a significant proportion of its assets would face concurrent adverse conditions for repayments and realisations. In addition the Group maintains a prudent funding strategy. It is our policy to maintain diverse sources of medium term finance and to ensure that we always have sufficient committed but unutilised debt facilities.

Market risks

Risks relating to the Group and its business

General market conditions

The Group's strategy and business model are based on an analysis of and assumptions regarding its operating environment. This includes market evaluations and the identification and assessment of external and internal risk factors. Significant unexpected changes or outcomes, beyond those factored into the Group's strategy and business model may occur which could have an adverse impact on the Group's performance or financial position.

Mitigation: The Executive Committee regularly reviews the likely impact of potential changes in the operating environment, seeking when appropriate advice from external experts.

Interest rate risk

The Group and some of the Group's portfolio companies are exposed to fluctuations in interest rates which could adversely affect the Group's returns.

The Group has a mixture of fixed and floating rate assets, which are funded with a mixture of equity and borrowings. A failure to match borrowings by type or maturity or the failure or inappropriate use of derivative financial instruments for the purpose of hedging could have an adverse impact on the Group's returns and financial condition. In addition, many of the Group's portfolio companies rely on leverage to finance their business operations and increase the rate of return on their equity. Investments in highly leveraged entities are inherently more sensitive to interest rate movements. Therefore, a significant increase in interest rates could adversely affect the returns and financial condition of the Group's portfolio companies and may even lead to some of the Group's portfolio companies breaching financial or operating covenants in their credit agreements or default on their debt.

Mitigation: The Group seeks to minimise interest rate exposure by matching the type, maturity and currency of its borrowings to those of a group of assets with a similar anticipated holding period. The Group's Investment Committees take into account the ability of each portfolio company to successfully operate under a different interest rate environment both before validating the investment and during the life of the investment.

Market risks continued

Foreign exchange risk

The Group is exposed to fluctuations in exchange rates which could adversely affect the Group's returns and financial condition.

The Group reports in sterling and pays dividends from sterling profits. The underlying assets in the Group's portfolio are principally denominated in euros, and to a lesser degree in US dollars and other currencies. Therefore, changes in the rates of exchange of these currencies may have an adverse effect on the value of the Group's investments and any undrawn amount of the Group's debt facilities. Although the Group has in place measures to mitigate the foreign exchange risk on its assets and liabilities, to the extent that any structural currency exposures are unhedged or unmatched, such exposure could adversely affect the Group's returns and financial condition. Failure by a counterparty to make payments due under derivative financial investments may reduce the Group's returns.

Mitigation: The Group seeks to reduce structural currency exposures by matching loans and investment assets denominated in foreign currency with borrowings or synthetic borrowings in the same currency. In addition, the Group has used and continues to use derivative financial instruments and other instruments on a limited basis, as part of its foreign exchange risk management, to hedge a proportion of unrealised income recognised on a fair value basis. The Group spreads its derivative contracts across a number of counterparties and regularly evaluates the counterparty risk. The Group seek to transact only with sound financial institutions.

Operational risk

Loss of staff

If the Group cannot retain and motivate its senior investment professionals and other key employees, the Group's business could be adversely affected.

The Group's continued success is highly dependent upon the efforts of the Group's investment professionals and other key employees. The Group's future success and growth depends to a substantial degree on the Group's ability to retain and motivate key employees, the market for whom is very competitive. The Group may be unable to retain such key employees or to continue to motivate them.

The Group's investment professionals possess substantial experience and expertise in investing and are responsible for locating, executing and monitoring the Group's investments. The loss of even a small number of the Group's investment professionals could jeopardise the Group's ability to source, execute and manage investments as well as affect recoveries on troubled assets, which could have a material adverse effect on the Group's business.

Mitigation: The Group attempts to reward its investment professionals and other key employees in line with market practice. In 2009 the Group's Remuneration Committee commissioned PricewaterhouseCoopers to review the compensation structure of ICG and to advise upon appropriate benchmarking against which remuneration could be set. Following this review, new remunerations schemes were approved by shareholders at last year's AGM. These schemes are aligned with the Group's strategy and in line with the appropriate benchmark and comply with the new UK Financial Services Authority ("FSA") remuneration code.

Regulatory risk

Changes to the regulatory frameworks under which the Group operates or a breach of applicable regulations could damage the Group's reputation and affect the Group's compliance costs, returns and financial condition

The Group operates in numerous jurisdictions and its business, particularly the fund management part of the business, is subject to numerous regulatory regimes, including the United Kingdom, the United States, Hong Kong, Ireland and Luxembourg. The FSA is the Group's primary regulator. The FSA and other such regulatory authorities have broad regulatory powers dealing with all aspects of financial services, including the authority to grant, and in specific circumstances to vary or cancel, permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources.

If the Group were to breach any such laws or regulations it would be exposed to the risk of investigations, fines, temporary or permanent prohibition from engaging in certain activities, suspensions of personnel or revocation of their licenses and suspension or termination of the regulatory permissions to operate.

Mitigation: The Group has a governance structure in place supported by a risk framework that allows for the identification, control, and mitigation of material risks faced by the Group. The adequacy of controls in place is periodically assessed. This includes a tailored risk-based monitoring programme designed to specifically address regulatory and reputational exposure.

Business interruption

Operational risks may disrupt the Group's business, result in losses or damage the Group's reputation

The Group relies heavily on its financial, accounting and other data processing systems. If any of these systems do not operate properly or are disabled, the Group could suffer financial loss, disruption of business and damage to its reputation.

Mitigation: The Group has in place business processes and procedures covering information security, change management, business continuity and disaster recovery, aimed at ensuring that its systems can be rebuilt in the event any of its premises suffer a disaster.

In addition, the Group maintains a system of internal controls designed to detect, amongst other things, fraud by the Group's employees, agents and counterparties.

Condensed consolidated income statement

for the six months ended 30 September 2011

	Six months ended 30 September 2011 (unaudited) £m	Six months ended 30 September 2010 (unaudited) £m	Year ended 31 March 2011 (audited) £m
Interest and dividend income	**132.8**	122.4	242.0
Gains on investments	**42.1**	86.8	133.4
Fee and other operating income	**31.0**	27.5	63.3
	205.9	236.7	438.7
Interest payable and other related financing costs	**(22.6)**	(17.8)	(59.2)
Provisions for impairment of assets	**(28.4)**	(53.1)	(70.9)
Administrative expenses	**(46.1)**	(60.7)	(122.3)
Profit before tax	**108.8**	105.1	186.3
Tax expense	**(23.7)**	(37.6)	(58.2)
Profit for the period/year	**85.1**	67.5	128.1
Attributable to:			
Equity holders of the parent	**85.4**	67.5	128.2
Non-controlling interests	**(0.3)**	–	(0.1)
	85.1	67.5	128.1
Earnings per share	**21.6p**	17.2p	32.6p
Diluted earnings per share	**21.6p**	17.2p	32.5p

All activities represent continuing operations.

Condensed consolidated statement of comprehensive income

for the six months ended 30 September 2011

	Six months ended 30 September 2011 (unaudited) £m	Six months ended 30 September 2010 (unaudited) £m	Year ended 31 March 2011 (audited) £m
Profit for the period/year	**85.4**	67.5	128.1
Available for sale financial assets:			
Gains arising in the period/year	**114.2**	45.4	110.1
Less: reclassification adjustment for gains included in the income statement	**(15.3)**	(70.1)	(120.6)
Exchange differences on translation of foreign operations	**0.5**	(0.8)	(1.5)
	99.4	(25.5)	(12.0)
Tax on items taken directly to or transferred from equity	**(18.8)**	7.2	3.6
Other comprehensive income/(expenses) for the period/year	**80.6**	(18.3)	(8.4)
Total comprehensive income for the period/year	**166.0**	49.2	119.7

Condensed consolidated statement of financial position

as at 30 September 2011

	30 September 2011 (unaudited) £m	30 September 2010 (unaudited) £m	31 March 2011 (audited) £m
Non current assets			
Intangible assets	**8.4**	–	9.1
Property, plant and equipment	**6.1**	7.3	7.0
Financial assets: loans and investments and warrants	**2,545.1**	2,665.9	2,575.1
Derivative financial instruments	**25.5**	27.3	12.0
	2,585.1	2,700.5	2,603.2
Current assets			
Trade and other receivables	**62.4**	58.5	51.3
Financial assets: loans and investments	**70.8**	100.2	39.7
Derivative financial instruments	**29.5**	4.1	2.3
Cash and cash equivalents	**143.9**	181.2	140.9
	306.6	344.0	234.2
Total assets	**2,891.7**	3,044.5	2,837.4
Equity and reserves			
Called up share capital	**79.9**	79.2	79.8
Share premium account	**666.7**	657.7	665.7
Capital redemption reserve	**1.4**	1.4	1.4
Own shares reserve	**(33.0)**	(16.0)	(23.8)
Other reserves	**122.0**	21.9	36.8
Retained earnings	**529.4**	453.7	490.3
Equity attributable to owners of the Company	**1,366.4**	1,197.9	1,250.2
Non-controlling interest	**(0.1)**	–	0.2
Total equity	**1,366.3**	1,197.9	1,250.4
Non current liabilities			
Provisions	**4.7**	5.7	4.5
Financial liabilities	**1,032.0**	1,458.4	1,060.7
Derivative financial instruments	**5.4**	6.2	8.2
Deferred tax liabilities	**26.7**	25.7	12.7
	1,068.8	1,496.0	1,086.1
Current liabilities			
Trade and other payables	**134.3**	153.5	196.9
Financial liabilities	**258.7**	72.7	175.2
Liabilities for current tax	**57.5**	63.1	70.5
Derivative financial instruments	**6.1**	61.3	58.3
	456.6	350.6	500.9
Total liabilities	**1,525.4**	1,846.6	1,587.0
Total equity and liabilities	**2,891.7**	3,044.5	2,837.4

Condensed consolidated statement of cash flows

for the six months ended 30 September 2011

	Six months ended 30 September 2011 (unaudited) £m	Six months ended 30 September 2010 (unaudited) £m	Year ended 31 March 2011 (audited) £m
Operating activities			
Interest receipts	**102.4**	78.8	174.0
Fee receipts	**29.8**	19.8	77.9
Dividends received	**3.7**	1.1	5.7
Gain on disposals	**11.8**	48.3	146.6
Interest payments	**(25.5)**	(21.5)	(43.9)
Cash payments to suppliers and employees	**(101.8)**	(62.0)	(80.9)
Purchase of current financial assets	**(33.8)**	(94.5)	(20.0)
Purchase of loans and investments	**(82.7)**	(127.7)	(305.7)
Proceeds from sale of loans and investments	**194.8**	150.5	388.6
Cash generated/(used) in operations	**98.7**	(7.2)	342.3
Taxes (paid)/received	**(41.5)**	25.5	(5.1)
Net cash generated from operating activities	**57.2**	18.3	337.2
Investing activities			
Purchase of property, plant and equipment	**(0.5)**	(1.1)	(2.5)
Purchase of intangible assets	**–**	–	(5.1)
Acquisition of subsidiary	**–**	–	(2.6)
Net cash used in investing activities	**(0.5)**	(1.1)	(10.2)
Financing activities			
Dividends paid	**(46.4)**	(25.8)	(40.6)
Increase/(decrease) in long term borrowings	**57.7**	81.5	(223.8)
Net cash (out)/in flow from derivative contracts	**(47.6)**	40.7	14.6
Purchase of own shares	**(16.9)**	(13.2)	(16.9)
Proceeds on issue of shares	**0.7**	–	–
Net cash (used in)/from financing activities	**(52.5)**	83.2	(266.7)
Net increase in cash	**4.2**	100.4	60.3
Cash and cash equivalents at beginning of period/year	**140.9**	83.7	83.7
Effect of foreign exchange rate changes	**(1.2)**	(2.9)	(3.1)
Cash and cash equivalents at end of period/year	**143.9**	181.2	140.9

Condensed consolidated statement of changes in equity

for the six months ended 30 September 2011

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

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 income/(loss) 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

Condensed consolidated statement of changes in equity continued

for the six months ended 30 September 2011

Year ended 31 March 2011	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Reserve for share based payments £m	Available for sale reserve £m	Own shares £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Balance at 31 March 2010	78.0	642.5	1.4	4.6	30.6	(2.8)	429.2	1,183.5	–	1,183.5
Profit for the year	–	–	–	–	–	–	128.2	128.2	(0.1)	128.1
Available for sale financial assets	–	–	–	–	(10.5)	–	–	(10.5)	–	(10.5)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(1.5)	(1.5)		(1.5)
Tax relating to components of other comprehensive income	–	–	–	–	3.6	–	–	3.6	–	3.6
Total comprehensive income/(loss) for the year	–	–	–	–	(6.9)	–	126.7	119.8	(0.1)	119.7
Own shares acquired in the year	–	–	–	–	–	(21.0)	–	(21.0)	–	(21.0)
Acquisition of non-controlling interest with a change in control	–	–	–	–	–	–	–	–	0.3	0.3
Scrip dividend	1.8	23.2	–	–	–	–	–	25.0	–	25.0
Credit for equity settled share schemes	–	–	–	8.5	–	–	–	8.5	–	8.5
Dividends paid	–	–	–	–	–	–	(65.6)	(65.6)	–	(65.6)
Balance at 31 March 2011	79.8	665.7	1.4	13.1	23.7	(23.8)	490.3	1,250.2	0.2	1,250.4

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 2011. The financial statements have been prepared on the historical cost basis as modified to include the fair valuation of certain financial instruments. In the interim period under review, as explained in the financial review on pages 5 to 8, unquoted equity is now held at fair value.

(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 4. The interim management report also includes a summary of the Group's financial position, its cash flows and borrowing facilities.

The Group actively manages its portfolio of debt liabilities ensuring that scheduled maturities are met within the funding facilities available. In the last six months, debt facilities have been extended by £117 million.

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. Accordingly they continue to adopt the going concern basis in preparing the Condensed consolidated financial statements.

2 Business and geographical segments

For management purposes, the Group is currently organised into two distinct business groups, one of these being the Fund Management Company and the other being the Investment Company. Segment information about these businesses, as reviewed by the chief executive officer, is presented below in (i), (ii) and (iii):

The Group reports 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 and 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% 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, and 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.

(i) Analysis of income and profit before tax

	Mezzanine Fund Management						
Six months ended 30 September 2011 (£m)	**Europe**	**Asia**	**US**	**Credit Fund Management**	**Total FMC**	**IC**	**Total**
External fund management fee income	13.8	3.4	–	13.1	30.3	–	30.3
Fee income from the Balance Sheet (inter segment)	10.6	1.0	0.4	0.6	12.6	–	12.6
Fund management fee income	24.4	4.4	0.4	13.7	42.9	–	42.9
Net interest income*					–	98.5	98.5
Dividend income					2.2	1.4	3.6
Other fee income					–	0.7	0.7
Staff costs					(18.1)	(6.0)	(24.1)
Medium Term Incentive Scheme					–	(6.0)	(6.0)
Balance Sheet fee income charge (inter segment expense)					–	(12.6)	(12.6)
Administrative costs					(9.9)	(1.6)	(11.5)
Net gains on investments					–	37.6	37.6
Impairments					–	(28.4)	(28.4)
Add back net fair value gain on derivatives held for hedging purposes*					–	8.1	8.1
Profit before tax					17.1	91.7	108.8

* 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.

Notes continued

2 Business and geographical segments continued

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

Six months ended 30 September 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	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.

Year ended 31 March 2011 (£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	25.1	7.3	–	23.7	56.1	–	56.1
Fee income from Balance Sheet (inter segment)	20.7	2.3	1.3	1.4	25.7	–	25.7
Fund management fee income	45.8	9.6	1.3	25.1	81.8	–	81.8
Net interest income*					–	179.8	179.8
Dividend income					3.0	3.8	6.8
Other fee income					–	7.2	7.2
Staff costs					(30.8)	(9.1)	(39.9)
Medium Term Incentive Scheme					–	(22.8)	(22.8)
Balance Sheet fee income charge (inter segment expense)					–	(25.7)	(25.7)
Administrative costs					(19.2)	(9.4)	(28.6)
Net gains on investments					1.1	101.3	102.4
Impairments					–	(70.9)	(70.9)
Add back net fair value gain on derivatives held for hedging purposes*					–	(3.8)	(3.8)
Profit before tax					35.9	150.4	186.3

* 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 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Europe	**2,108.3**	2,155.9	2,153.1
Asia	**182.9**	220.1	190.6
US	**123.6**	143.8	89.6
Credit Fund Management	**130.3**	146.1	141.8
	2,545.1	2,665.9	2,575.1

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 2011.

(iii) Group revenue by geographical segment from external customers

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Europe	**179.5**	212.9	390.9
Asia	**20.9**	7.9	31.5
US	**5.5**	15.9	16.3
	205.9	236.7	438.7

(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 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Europe	**5.9**	7.0	6.8
Asia	**0.2**	0.3	0.2
	6.1	7.3	7.0

Notes continued

3 Dividends

The interim dividend of 6 pence per share (2011: 6 pence per share) will be paid to members registered at the close of business on 2 December 2011.

4 Earnings per share

Earnings	**Six months ended 30 September 2011 £m**	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Earnings for the purposes of basic earnings per share being net profit attributable to the equity holders of the parent	**85.4**	67.5	128.2

Number of shares	**2011**	2010	2011
Weighted average number of ordinary shares for the purposes of basic earnings per share	**394,819,070**	391,562,230	393,785,735
Effect of dilutive potential ordinary shares	**–**	421,821	593,940
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**394,819,070**	391,984,051	394,379,675

5 Valuation of unquoted ordinary shares and warrants

(i) As unquoted ordinary shares are held as AFS financial assets, the uplift on valuation, along with the realisations during the period/year, are recognised in other comprehensive income.

Gains arising during the period/year comprise the following items:

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Realised gains on ordinary shares	**16.9**	56.1	105.0
Impairments of AFS financial assets recycled to the income statement	**(1.6)**	(8.1)	(6.5)
Unrealised gains on AFS financial assets			
– Fair value movement on ordinary shares	**100.6**	–	4.8
– Fair value movement on other assets	**(1.8)**	–	9.7
Foreign exchange	**0.1**	(2.6)	(2.9)
Gains arising in the period/year	**114.2**	45.4	110.1

(ii) The uplift on warrants forms part of gains on investments in the income statement:

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m	Year ended 31 March 2011 £m
Realised gains on warrants	**5.3**	30.7	23.6
Realised gains on assets designated as FVTPL	**–**	–	4.8
Unrealised gains on assets designated as FVTPL			
– Fair value movement on ordinary shares	**1.0**	–	–
– Fair value movement on warrants	**26.4**	–	–
– Fair value movement on other assets	**(7.5)**	–	–
Realised gains on AFS financial assets recycled from AFS equity reserves	**16.9**	56.1	105.0
Gains on investments	**42.1**	86.8	133.4

6 Financial liabilities

Private placements

During the period there were repayments of two private placements of US$40 million and £20 million.

Bank facilities

In accordance with the facility agreement the £1,032 million revolving credit facility was reduced to £688 million during the period. In the period we have extended an additional £117 million of bank debt reducing the final amortisation of this facility in April 12 to £321.5 million.

7 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 2011.

8 General

The interim financial statements for the six months to 30 September 2011 were approved by the Board on 22 November 2011.

The financial information for the year ended 31 March 2011 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 auditor's 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 2011 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 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity” issued by the 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 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

22 November 2011

Principal risks and uncertainties

Timetable

The major timetable dates are as follows:

Ex dividend date	30 November 2011
Record date for Financial Year 2012 interim dividend	2 December 2011
Payment of interim dividend	6 January 2012
Full year results announcement for the	
12 months to 31 March 2012	22 May 2012

Registrars

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Website

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

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