First Half Results

For the six months ending 30 September 2014

Embargoed until 7:00am on 18 November 2014

Intermediate Capital Group plc (ICG) announces its first half results for the six months ended 30 September 2014.

Operational highlights

- Total AUM up 6% to €13.7bn, following €1.7bn of new money raised
- Fundraising momentum strong, with six first time funds and three successor funds now being marketed
- All funds investing on target whilst maintaining credit discipline
- Resilient portfolio, net impairments significantly lower than prior year at £21m (H1 2014: £76m)

Financial highlights

- Group profit before tax of £85m (H1 2014 £155m), comprising £58m from the Investment Company and £27m from the Fund Management Company, and reflecting lower realisations in the Investment Company
- Investment company profit of £58m lower than the £145m in H1 2014 which included the realisation of the Group's largest investment
- Fund Management Company continues to make progress with profits of £27m (H1 2014 £17m), with an increase in performance fees
- Interim dividend up 4.5% to 6.9 pence per share, share buyback has now returned £54m to shareholders
- Board committed to increasing return on equity to 13% by growing the business and re-gearing the balance sheet to a range of 0.8 - 1.2 times over the course of the two years from our July 2014 IMS

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

"Activity levels in ICG's core markets are increasing, with strong levels of new fundraising across Europe and the US. Our strategy to deepen and selectively expand our range of strategies is aided by this market momentum but we are remaining disciplined in our pursuit of growth opportunities. We are marketing six new funds and have launched three successor funds, and we continue to deploy capital at our target rate, whilst maintaining our traditional credit discipline. ICG's approach offers clear differentiation for investors, through our proven ability to find quality opportunities by being embedded as experts in our local markets, where currently Europe continues to offer investors the greatest opportunity for higher yield returns.

"We are pleased with our interim results; we have achieved a strong increase of 6% in third party AUM, and profit levels in line with our expectations. We continue to place emphasis on financial discipline, increasing our fee earning AUM and enhancing our profitability. We are committed to improving return on equity from the current run rate of high single digits to 13% over the next two years by a combination of growing our business, reinvesting our capital and re-gearing our balance sheet."

Financials

	Unaudited 6 months to 30 September 2014	Unaudited 6 months to 30 September 2013	Restated* 12 months to 31 March 2014
Fund Management Company profit before tax	**£26.7m**	£16.7m	£35.1m
Adjusted Investment Company profit before tax[1]	**£61.4m**	£145.4m	£140.0m
Adjusted Group profit before tax[1]	**£88.1m**	£162.1m	£175.1m
Group profit before tax	**£85.3m**	£155.3m	£158.7m
Adjusted earnings per share[1]	**18.9p**	33.7p	39.9p
Earnings per share	**18.2p**	32.0p	35.7p
Dividend per share	**6.9p**	6.6p	21.0p
Return on equity	**9.8%**	16.8%	10.2%
Gearing	**40%**	49%	39%
Investment portfolio	**€2,343m**	€2,265m	€2,311m
Third party assets under management	**€11,359m**	€9,834m	€10,669m
Net debt	**£469.2m**	£626.6m	£503.4m
Net asset value per share	**£3.85**	£3.96	£3.92

[1] Excluding the impact of fair value movements on derivatives (H1 15: £2.8m; FY14: £16.4m; H1 14: £6.8m)

*Restated following the adoption of IFRS 10: Consolidated Financial Statements. See note 1 to the financial statements for further information.

Enquiries

A presentation for investors and analysts will be held at 09:30 GMT today at ICG's offices, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU. A webcast will be available at www.icgam.com from 14:00 GMT.

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This Half Year Results statement may contain forward looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

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About ICG

ICG is a specialist asset manager providing subordinated structured lending, private debt, leveraged credit and minority equity, managing €13.7bn of assets in third party funds and proprietary capital. ICG has a large and experienced investment team operating from its head office in London with a strong local network of offices in Paris, Madrid, Stockholm, Frankfurt, Amsterdam, Hong Kong, Sydney, New York, Tokyo and Singapore. Its stock (ticker symbol: ICP) is listed on the London Stock Exchange. ICG is regulated in the UK by the Financial Conduct Authority (FCA). Further information is available at: www.icgam.com.

Business review

As investors, we continue to deploy our capital for capital appreciation and investment income, primarily by leveraging the investment made in our fund management business.

Overview

Since 2010 our business model has been in transition towards an optimal blend of our capital and that of third party investors, with the aim of increasing the scale, profitability and sustainability of our business. We have identified new products and generated a US franchise, developed a scalable infrastructure platform and established an in-house distribution capability, while reducing our exposure to single-name events.

The success of this business model and the strategic direction of the Group have been further demonstrated in the year to date, with the cash generated from the realisation of older assets providing capital for the Group to allocate to business development and return to shareholders. We have committed capital to purchase the remaining 49% of our UK real estate business, ICG Longbow, and raised third party money alongside our own investments in US products and new strategies. We have also been able to continue returning capital to shareholders through an increase in the interim dividend and our ongoing £100m share buyback programme.

Our commitment to financial discipline remains overarching, both in terms of the quality of investment and allocation of financial resources, and by pursuing an appropriate capital structure. We allocate capital to strategies, including new products and selective team hires which are expected to create long term value, whilst giving consideration to maintaining broad access to financing sources and debt markets, and ensuring sufficient robustness for the Group to withstand periods of market stress.

We remain committed to generating strong returns for shareholders and it is a priority of the Board to improve our return on equity by growing the business and re-gearing the balance sheet, from the current 0.4 times to a range of 0.8 - 1.2 times our shareholders' funds over the course of the two years from our July 2014 IMS. We will update the market at the time of our full year results, by which time we expect to have completed the current £100m share buyback programme.

Enhanced range of strategies responding to market momentum

Our fundraising momentum has continued into the first half of the financial year with €1.7bn of new money raised, of which over 77% was in strategies developed in the last two years. This has demonstrated that our investment in new products is enabling us to raise more money and therefore will increase the profitability of our fund management business.

During the first half of the financial year we successfully closed our Senior Debt Partners strategy at its hard cap, raised further CLOs in both Europe and the US, won three new segregated mandates for our UK real estate senior debt strategy and importantly raised our first US Private Debt Fund. We have now raised a total of $1.1bn for our US products since we launched our first US CLO in early 2014. We expect this momentum to continue through the rest of the financial year as we continue to market nine new funds across our strategies. However, we recognise that the lead time for marketing first time funds is significantly longer than for successor funds where we have built a strong track record. Generally our fundraising cycle is lengthier and more complex than traditional asset managers, but with this comes the stickier and more stable fee base of our closed end funds.

While our main focus is to nurture our current strategies to maturity, we will continue to grow the business by adding new complementary strategies to our product portfolio. One area that fits this business plan is private equity secondaries investing. The private equity secondaries market allows existing investor commitments to private equity funds to be sold to a third party providing liquidity to existing investors. We will be very selective in our diversification into this area both in terms of assets and investment team.

Although the investment environment has now become more competitive we have continued to identify attractive investment opportunities so that our direct investment funds maintain the required investment pace. We are delighted that the investment pace of ICG Europe Fund V, ICG Longbow Fund III and Senior Debt Partners I is such that we are able to begin marketing successor funds, with good early interest.

The performance of our investment portfolio has been resilient. A diminishing number of weaker assets continues to underperform, but asset specific net impairments of £21.1m in the period were significantly below comparative periods, a trend we expect to continue.

Dividends and share buyback

The Board recommends an interim dividend of 6.9p, an increase of 4.5% on the prior year interim dividend. The Board has decided to maintain the dividend reinvestment plan (DRIP). The dividend will be paid on 8 January 2015 to shareholders on the register on 5 December 2014. The Group has returned £54m (as at 14 November 2014) to shareholders through the current £100m share buyback programme. Based on current volumes, we expect this programme to be completed prior to the financial year end.

Board

We are delighted that Kathryn Purves joined the Board as a Non-Executive Director on 17 October 2014. Kathryn is Chief Risk Officer of Partnership Assurance Group plc, a FTSE listed provider of non-standard annuities, and has extensive experience in the financial services sector. Simultaneously, Lindsey McMurray stepped down from the Board to focus on her other roles. We would like to thank Lindsey for her contribution to the Board and wish her well for the future.

Outlook

We have ambitious fundraising targets and are excited by the number of first time funds in development, expanding the Group's product range, fee streams and sustainable profits. This, combined with the launch of successor funds for our flagship products and the ongoing CLO programmes in Europe and the US, leave us in a confident fundraising mood. Our fundraising achievements have to date been offset by a period of unprecedented realisations. In all likelihood the flow of realisations that we have faced over the past two years will significantly slow down resulting in an overall increase in AUM.

By sizing our fundraising to the market opportunity, we are generating significant third party capital to deploy, and our aim remains to deploy this capital in line with the required investment run rate. Finding investment opportunities with the appropriate risk/return balance will be done whilst maintaining our disciplined approach to investment in an increasingly competitive market. In addition, we aim to actively manage our portfolios and proactively work with management and sponsors on working to enhance performance and maximise returns.

The cost base for these new funds is already largely in place. We therefore expect that the improvement in the operating margins and profitability of our fund management company will soon become evident.

Overall, we remain committed to generating strong returns for shareholders and it is a priority of the Board to improve our return on equity from the current run rate of high single digits to 13% over the next two years. This will be done by growing the business and re-gearing the balance sheet, from the current 0.4 times to a range of 0.8 - 1.2 times over the course of the two years from our July 2014 IMS. We will update the market at the time of our full year results, by which time we expect to have completed the current £100m share buyback programme.

Market review

Fundraising market
The fundraising market continues to favour well established fund managers, as institutional investors focus increasingly on alternative investments. According to McKinsey's Alternative Investments Survey, alternatives now comprise c12% of institutional investors' portfolios, double the amount this represented in 2005. Underpinning this trend is the search for predictable yield in order to compensate for the poor returns generated by traditional asset classes such as equities and fixed income, in which these institutions predominantly invest. Institutions are investing in the type of closed end funds in which we specialise as they offer an illiquidity premium that is unavailable from traditional liquid asset classes. An understanding and acceptance of the diversification and sources of yield that alternative strategies offer is now becoming mainstream.

Increased liquidity and the search for yield provide a favourable backdrop to fundraising. Despite this, investors remain cautious, as evidenced in the time taken to raise first time funds which is often longer than our initial expectations. However, as a long established fund manager with a reliable 25 year track record and strong, experienced teams, we remain well placed to take advantage of the increased institutional demand for alternative investment products.

Investment market
Our expanding product range and geographical diversity mean there are significant differences between the regions, sectors and asset classes in which we operate. However, there are some common features that provide a broad context to these markets.

The features of our fundraising market are having a direct impact on our investment markets. The attraction of alternative asset classes is resulting in significant unutilised fund capital, particularly amongst private equity and real estate equity funds. This 'dry powder', combined with increased corporate M&A is driving investment activity, but has made the investment market more competitive.

In this market our approach to origination, having deeply embedded local expert teams, offering flexible and innovative structuring skills and sector specialists comes to the fore. We are able to act quickly to perform complex evaluation of an opportunity as well as source deals 'off market' for our originated funds, while limiting any pressure on terms.

Further, robust CLO issuance in Europe and the US has supported increased lending capacity in those markets which in turn has contributed to competitive pricing. European CLO issuance of €11.5bn has already surpassed the €7.4bn of issuance in 2013. This positive resurgence in both the European and US markets has brought no shortage of liquidity in the syndicated loan market with record post financial crisis volumes in both loans and bonds. The Capital Requirements Directive that requires any sponsor or originator in Europe to invest in 5% of the CLO has constrained issuance to the larger institutions with sufficient balance sheet capacity. As a result we remain one of the most active managers in the European CLO market. Regulatory uncertainty has also affected the US markets this year with the Volcker Rule expected to impact the treatment of CLO liabilities for US banks. This has meant that pricing remains stable despite the increase in supply.

Whilst large companies have much easier access to capital markets, the situation is different for mid market companies. Over the last four years bank lending into the European mid market has declined sharply. Banks remain significant players but they are not contributing to the growth in lending liquidity. We see this ongoing trend as structural and expect the banks' appetite for private mid-market lending to remain subdued. There has been a significant increase in the direct lending capacity of funds, such as our own Senior Debt Partners strategy, to meet the capacity deficit resulting from the inability and unwillingness of banks to meet this demand and we expect this to be a strong driver for ICG. The US debt investment market is more mature and direct lending funds have been a feature for some time. We expect to gradually enlarge our product range in the US over time.

The UK commercial real estate market bears many of the characteristics of the wider European loan market, with substantial capital available for investment and banks remaining minority players. As with our other investment strategies, competition for prime assets remains high. However, our deep knowledge of the market, industry relationships, and flexible approach means we are able to originate attractive deals.

Operating review

We have continued to make good progress in creating shareholder value by delivering on our strategic objectives.

1. Grow assets under management

A key measure of the success of our strategy to generate value from our fund management business is our ability to grow assets under management, thereby leveraging our investment in the FMC. New AUM (inflows) is our best lead indicator to sustainable future fee streams and therefore increasing sustainable profits.

At €1.7bn, we have had a strong start to the fundraising year, raising third party money across five products and in multiple geographies. Of this, 77% of the fundraising was in relation to new or recently started strategies, including a first time private debt fund in the US. As all of these funds charge fees on an invested capital basis the fees will ramp up during the investment period. In addition, we are currently marketing six other first time funds, which once third party money is raised will begin to repay the investment made in those strategies over recent years.

The pace of realisations has remained healthy throughout the current financial year. The income and capital return generated from these realisations provides cash for the Group to invest in developing its product range and in doing so enhancing the fund management business. A significant number of our pre 2009 assets have already been realised, we therefore expect a slowdown in the pace of realisations.

In the six month period to 30 September 2014, AUM increased 6% to €13.7bn as fundraising inflows more than offset the outflows from realisations. As expected, the impact of realising the older, pre 2010, assets has been felt principally by the balance sheet portfolio, up 1%, as the balance sheet had contributed more than third party funds to each investment. Third party funds have increased 6% to €11.4bn.

Mezzanine funds

Third party mezzanine funds under management have decreased by 1% to €3.7bn in the period due to the realisation of assets in the older European Funds. This has been partially offset by €0.3bn of new AUM raised for our US Private Debt Fund. To date the fund has raised $568m, which includes $200m from ICG, with further closes expected later in the financial year.

We have also been marketing our third Asia Pacific fund and our domestic Japanese mezzanine fund, the latter through our 50:50 partnership with Nomura. We aim to have a first close on both funds before the end of the financial year. Preparations are also well advanced for the launch of a successor European flagship fund, ICG Europe Fund VI.

In addition, we have taken advantage of market conditions to refinance our outperforming European Mezzanine Fund 2006. This has given liquidity to existing investors, extended the life of the management fee stream and crystallised performance fees.

Credit funds

Third party credit funds under management have increased 6% to €6.0bn, with the new AUM of €1.1bn raised in the period outstripping the run off of our older European CLO funds.

Our European and US CLO programmes continue to raise new third party money with each closing one CLO in the first half of the financial year. In Europe we raised a €361m CLO in September, which included an €18m investment from our balance sheet. In the US, we raised a $417m CLO in August which included a $21m commitment from the balance sheet. We are on track to close second CLOs in both Europe and the US before the end of the calendar year.

Since the launch of our US CLO business in the last financial year we have now raised two US CLOs with a third in advanced planning stages. The fees generated from these funds mean this strategy is contributing to the increased profitability of our fund management business.

At the beginning of the financial year we raised a further €0.4bn of AUM for our direct lending strategy, Senior Debt Partners, taking the total funds raised to €1.7bn, well in excess of the €1.0bn target.

Real Estate funds

Third party real estate funds under management have increased 30% in the period to €1.7bn with the addition of three segregated mandates totalling €307m (£250m) to its senior debt strategy. This takes the total amount of money raised for the strategy to £400m.

2. Invest selectively

The investment environment has become more competitive and our teams continue to work hard to source and execute transactions. We are therefore delighted to have maintained the pace of investment across our European direct investment funds, enabling us to begin marketing successor funds. In Asia Pacific and the US we have not deployed any capital in the first half of the financial year as we remain extremely selective and are maintaining our historical rigour in making investment decisions.

The total amount of third party capital deployed on behalf of the direct investment funds was £1.3bn in the period, a 235% increase on the first half of the last financial year. In addition, our Investment Company invested a total of £270.9m in the period, compared to £131.1m in the comparative period. The investment rate for our Senior Debt Partners strategy, our real estate funds and our US Private Debt Fund has a direct impact on FMC income as fees are charged on an invested capital basis. Fee earning AUM has increased 10% to €9.7bn since the year end.

The direct investment funds are investing at the required pace. We closed four deals in ICG Europe Fund V during the period, taking the fund to 85% invested. Our ICG Longbow Real Estate Fund III is 78% invested after signing a further 11 deals and Senior Debt Partners is 58% committed having completed 21 deals. In addition, we completed two deals in Japan which are being warehoused for our Japanese joint venture mezzanine fund.

We have also completed one deal in North America following the balance sheet date and have a healthy pipeline in Asia Pacific.

Our top ten individual investments made during the period across the direct investment funds are:

Company	Fund	Industry	Country	£m*
Minimax	Fund V	Electronics	Germany	296.3
Education Personnel	Fund V	Employment agency	UK	159.0
JAC Group	SDP	Entertainment and leisure	UK	69.2
Domus	Fund V	Healthcare	France	63.7
Lone Star	Longbow Senior Debt	Real estate	UK	63.3
Staci	Fund V	Business services	France	58.7
Melita	SDP	Telecoms	Malta	44.6
Sanne	SDP	Business services	UK	43.1
Minster Court	Longbow Fund III	Real estate	UK	42.7
Leon	SDP	Food and consumer	France	39.1
Total				**879.7**

*Total amount invested on behalf of the fund and our balance sheet.

3. Manage portfolios to maximise value

The ongoing availability of finance in the market during the first half of the financial year has provided the opportunity for a number of companies to refinance their existing debt facilities and for sponsors to exit their investments. We have realised £346.3m of cash for our Investment Company during the first half of the financial year, with the full or partial repayment of five of our top 20 assets. Further realisations are in the pipeline for the second half of the financial year.

The Investment Company's portfolio continues to demonstrate resilience, with 63% of our portfolio companies by number (66% on a weighted average value basis) performing, with EBITDA above or at the same level as the previous year. There remain a diminishing number of weaker companies within the portfolio which continue to underperform and currently show no signs of recovery.

During the year we took asset specific impairments against our weaker assets of £36.4m compared to £79.8m in the first half of the last financial year. After write backs of £15.3m during the period, net impairments were £21.1m compared to £76.3m in the comparative period. Based on the current performance of the portfolio we expect net impairments to be at a similar level in the second half. We expect that aggregate net impairments will continue to revert towards our target of 2.5% of the opening Investment Company portfolio. However, to the extent that they are required, impairments are likely to remain unpredictable as we continue to closely monitor our weaker assets.

Financial Review

Overview

The Group's profit before tax for the period was down 45% at £85.3m (H1 2014: £155.3m). IC profits were lower in the period due to record realisations in the prior year that included the Group's largest equity asset, Allflex, in the first half. We continue to make operational progress in developing our fund management franchise, although the investment we are making means that this will take time to be reflected fully in FMC profit. FMC profit in the period has benefited from £15.1m (H1 2014: £4.8m) of performance fee income.

	Unadjusted		Adjusted	
	6 months to 30 September 2014 £m	6 months to 30 September 2013 £m	**6 months to 30 September 2014 £m**	6 months to 30 September 2013 £m
Fund Management Company	**26.7**	16.7	**26.7**	16.7
Investment Company	**58.6**	138.6	**61.4**	145.4
Profit before tax	**85.3**	155.3	**88.1**	162.1
Tax	**(15.1)**	(32.4)	**(15.1)**	(32.4)
Profit after tax	**70.2**	122.9	**73.0**	129.7

The adjusted profit of the IC and Group excludes the impact of the fair value charge on hedging derivatives of £2.8m (H1 2014: £6.8m). Throughout this review all numbers are presented excluding this adjusting item, unless otherwise stated. The effective tax rate for the period is 18% (H1 2014: 21%).

The Group generated an adjusted ROE of 9.8% (H1 2014: 16.8%), a decrease on prior period reflecting lower profit after tax. The prior year included a £110.1m capital gain which was recycled to profit from reserves, thereby inflating the ROE in the period. Adjusted earnings per share for the period were 18.9p (H1 2014: 33.7p).

The Group has continued to actively manage its sources of financing, extending debt facilities and lowering pricing where possible. The balance sheet remains strong, with £636.8m of available cash and debt facilities at 30 September 2014. The movement in the Group's unutilised cash and debt facilities during the period is detailed as follows:

	£m
Headroom at 31 March 2014	678.3
Bank facilities matured	(63.7)
Secured floating rate notes matured	(43.1)
New bank facilities available	15.8
New medium term note	19.3
Movement in cash	23.2
Movement in drawn debt	11.0
Other (including FX)	(4.0)
Headroom at 30 September 2014	**636.8**

The Group had net current assets of £199.2m (H2 2014: £193.9m) at the end of the period. The increase in net current assets is driven by realisations used to repay borrowings.

The Board has declared an interim dividend of 6.9p per share (H1 2014: 6.6p), and has returned £54m (as at 14 November 2014) to shareholders as part of the current £100m share buyback programme.

Assets under management

AUM as at 30 September 2014 increased to €13,702m (H2 2014: €12,980m) driven by increases in our real estate and credit funds offset by a reduction in our mezzanine funds. AUM by business line is detailed below, where all figures are quoted in €m.

	As at 30 September 2014 €m	As at 31 March 2014 €m	Change %
Mezzanine and equity funds	3,658	3,678	(1)%
Real estate funds	1,653	1,274	30%
Credit funds	6,048	5,717	6%
Total third party AUM	11,359	10,669	6%
IC investment portfolio	2,343	2,311	1%
Total AUM	13,702	12,980	6%

There were two trends underlying the increase in AUM during the period. Whilst the level of realisations in our older mezzanine and CLO funds remained strong, this was more than offset by new funds raised, as detailed in the AUM bridge below:

	Mezzanine and equity Funds €m	Real estate Funds €m	Credit Funds €m	Total Third Party AUM €m
At 1 April 2014	3,678	1,274	5,717	10,669
Additions	327	307	1,081	1,715
Realisations	(385)	(26)	(823)	(1,234)
FX and other	38	98	73	209
At 30 September 2014	**3,658**	**1,653**	**6,048**	**11,359**

The €1.7bn of new AUM includes €1.3bn relating to strategies developed in the last two years. These new strategies have introduced new long term revenue streams to the business. Furthermore, given that a strategy will typically reach maturity on its third fund, the fee stream growth from our new strategies will become more visible into the medium term. Fees on these new strategies are typically charged on invested capital so fee income ramps up as the fund is invested, as can be seen in the fee earning AUM bridge below:

	Mezzanine and equity Funds €m	Real estate Funds €m	Credit Funds €m	Total Third Party Fee Earning AUM €m
At 1 April 2014	3,477	588	4,747	8,812
Additions	80	584	1,057	1,721
Realisations	(179)	(29)	(768)	(976)
FX and other	17	65	47	129
At 30 September 2014	**3,395**	**1,208**	**5,083**	**9,686**

Profit and loss account

Fund Management Company

Fee income

Third party fee income increased 34% in the period to £50.8m (H1 2014: £38.0m), and total fee income increased by 22% in the period to £59.6m (H1 2014: £48.7m), both benefiting from a £10.3m increase in performance fees. Details of movements are shown below:

	6 months to 30 September 2014 £m	6 months to 30 September 2013 £m	Change %
Mezzanine and equity funds	**34.1**	26.0	31%
Real estate funds	**4.6**	2.6	77%
Credit funds	**12.1**	9.4	29%
Total third party funds	**50.8**	38.0	34%
IC management fee	**8.8**	10.7	(18)%
Total fee income	**59.6**	48.7	22%

Mezzanine and equity third party fees include £15.1m of performance fees (H1 2014: £4.8m) as the realisation of assets from older vintages helped trigger the performance hurdles. Although an integral part of the fee income profile and profitability stream of the Group, the timing of performance fees is by nature unpredictable. In the current period, performance fees related to European Fund 2006, which, post the balance sheet date, agreed to sell its remaining assets to a new secondary fund that will continue to be managed by the Group.

Excluding performance fees, third party fees were 10% below the prior period at £19.0m (H1 2014: £21.2m) due to the impact of record realisations over the last eighteen months.

Fees for our real estate and credit products are typically charged on an invested basis, although this has little impact for the CLOs which are invested quickly. The 77% increase in Real estate third party fee income reflects the investment of ICG Longbow Fund III and Senior Debt Fund.

Credit funds third party fee income increased 29% with fees from new funds partially offset by the decrease in fees on older credit funds that are in their realisation phase. The increase in fees is due to the new European CLOs and US CLO and the annualisation impact on the prior year CLOs. In addition, fee income on Senior Debt Partners continues to rise as the strategy is invested.

Operating expenses

Operating expenses of the FMC were £37.0m (H1 2014: £32.1m), including salaries and incentive scheme costs. Salaries were £13.5m (H1 2014: £11.7m) as average headcount increased from 184 to 220. This increase is directly related to investing in the growth areas of the business namely Real Estate and the US teams. Other administrative costs of £14.1m (H1 2014: £13.7m) increased more slowly by 3%.

Investment Company

Balance sheet investments

The balance sheet investment portfolio decreased 4% in the period to £1,825m at 30 September 2014, as the realisation of older assets was almost matched by new investments. The impact of the realisations is illustrated in the investment portfolio bridge below:

	£m
At 1 April 2014	1,908
New and follow on investments	271
Accrued interest income	60
Realisations	(346)
Impairments	(21)
Fair value gains	21
FX and other	(68)
At 30 September 2014	**1,825**

Realisations comprise the return of £271.1m of principal and the crystallisation of £52.8m of rolled up interest and £22.4m of realised capital gains.

In the period £192.9m was co-invested alongside our mezzanine funds for new and follow on investments. In addition, £78.0m was invested across our CLOs and credit funds.

The sterling value of the portfolio decreased by £69.1m due to foreign exchange movements. The portfolio is 61% Euro denominated and 13% US dollar denominated. Sterling denominated assets account only for 14% of the portfolio.

An analysis of the portfolio by instrument is outlined below:

	As at 30 September 2014 £m	**% of total**	As at 31 March 2014* £m	% of total
Senior mezzanine and senior debt	**584**	**32%**	755	40%
Junior mezzanine	**178**	**10%**	128	7%
Interest bearing equity	**247**	**13%**	307	16%
Non interest bearing equity	**421**	**23%**	386	20%
Co-investment portfolio	**1,430**	**78%**	1,576	83%
Investment in open ended credit funds	**190**	**11%**	170	9%
Direct investment in credit funds	**70**	**4%**	38	2%
Investment in CLOs	**135**	**7%**	124	6%
Total balance sheet portfolio	**1,825**	**100%**	1,908	100%

*Figures at 31 March 2014 have been restated to present ICG Europe Fund V on the basis of its underlying assets.

Net interest income
Net interest income of £59.2m (H1 2014: £77.8m) comprised interest income of £81.6m (H1 2014: £103.0m), less interest expense of £22.4m (H1 2014: £25.2m). Interest income was below the prior period due to a decrease in the average IC portfolio. Cash interest income represented 28% (H1 2014: 31%) of the total. The Group utilised the cash generated from realisations to reduce its borrowings leading to a reduction in interest expense.

Dividend income
Dividend income of £1.1m (H1 2014: £18.1m) was below the first half of the prior financial year due to two equity investments making one-off distributions in the comparative period following a refinancing of their debt.

Operating expenses
Operating expenses of the IC amounted to £19.6m (H1 2014: £16.6m), of which incentive scheme costs of £13.0m (H1 2014: £11.2m) were the largest component. Other staff and administrative costs were £6.6m compared to £5.4m in the first half of last year, a £1.2m increase. Of these costs, £1.6m (H1 2014: £0.8m) related to the cost of business development, including the establishment of Alternative Credit and Australian Senior Loans teams.

The management fee on IC investments managed by the FMC reduced to £8.8m (H1 2014: £10.7m) as a result of the reduction in the average size of the loan book.

Capital gains
Net realised capital gains in the period were £22.5m (H1 2014: £101.0m), of which £8.9m (H1 2014: £2.5m) had previously been recognised as unrealised gains in the P&L with the remaining £13.6m (H1 2014: £98.5m) recognised in the current period. The prior year included the realisation of the Group's largest equity asset, Allflex.

Fair valuing the equity and warrants gave rise to a further £20.9m (H1 2014: £57.2m) of unrealised gains in the current period. Of this, £34.7m (H1 2014: £52.5m) is recognised in the income statement and £(13.8)m (H1 2014: £4.7m) as a movement in reserves.

Impairments

Net impairments for the period were £21.1m (H1 2014: £76.3m). Gross impairments amounted to £36.4m (H1 2014: £79.8m) and there were recoveries of £15.3m (H1 2014: £3.5m) in the period.

Group cash flow, debt and capital position

Cashflow and debt position

Operating cash inflow for the period was £121.7m (H1 2014: £587.9m). The decrease in the cash inflows is largely as a result of the prior period seeing a record level of repayment activity, as analysed below:

	6 months to 30 September 2014 £m	6 months to 30 September 2013 £m
Cash in from realisations	293.4	633.4
Cash in from dividends	14.9	18.4
Cash in from fees	30.6	27.9
Cash in from cash interest	71.5	184.9
Total cash receipts	410.4	864.6
Cash interest paid	(17.6)	(19.0)
Cash paid to purchase loans and investments	(270.9)	(131.1)
Cash movement in assets held in warehouse or for syndication	50.8	(83.1)
Operating expenses paid	(51.0)	(43.5)
Total cash paid	(288.7)	(276.7)
Total cash generated from operating activities	121.7	587.9

Total cash receipts were £454.2m lower than the first half of the prior financial year which saw a record level of realisations and has subsequently impacted the cash receipts from fees and cash interest. Interest paid was 7% lower, in line with lower average borrowings.

The cash generated from operating activities in the period was returned to shareholders through the share buyback programme and acquiring shares, resulting in total debt of £576m compared to £587m at 31 March 2014. Total debt to shareholders' funds as at 30 September 2014 was 40%.

Capital position

Shareholders' funds decreased by 4% to £1,451.0m (2014: £1,508.1m) in the period as the profit in the period was offset by the purchase of own shares and the final dividend payment.

Consolidated Income Statement

For the six months ended 30 September 2014

Unaudited	**Six months ended 30 September 2014 £m**	Restated Six months ended 30 September 2013 £m	Restated Year ended 31 March 2014 £m
Finance income	**81.3**	114.8	200.2
Gains on investments	**42.9**	155.3	144.8
Fee and other operating income	**53.1**	40.1	85.9
Total revenue	**177.3**	310.2	430.9
Finance costs	**(14.3)**	(29.9)	(57.7)
Impairments	**(21.1)**	(76.3)	(112.4)
Administrative expenses	**(56.6)**	(48.7)	(102.1)
Profit before tax	**85.3**	155.3	158.7
Tax expense	**(15.1)**	(32.4)	(21.3)
Profit for the period	**70.2**	122.9	137.4
Attributable to			
Equity holders of the parent	**69.6**	123.0	137.2
Non controlling interests	**0.6**	(0.1)	0.2
	70.2	122.9	137.4
Earnings per share	**18.2p**	32.0p	35.7p
Diluted earnings per share	**18.2p**	31.9p	35.6p

All activities represent continuing operations

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2014

Unaudited	**Six months ended 30 September 2014 £m**	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
Profit for the period	**70.2**	122.9	137.4
Available for sale financial assets:			
Loss arising in the period	**(16.7)**	(0.5)	(1.2)
Reclassification adjustment for gains recycled to profit	**(9.2)**	(110.1)	(125.7)
Exchange differences on translation of foreign operations	**(0.8)**	(0.9)	(0.6)
	(26.7)	(111.5)	(127.5)
Tax on items taken directly to or transferred from equity	**6.1**	26.8	30.8
Other comprehensive expense for the period	**(20.6)**	(84.7)	(96.7)
Total comprehensive income for the period	**49.6**	38.2	40.7

Consolidated Statement of Financial Position

As at 30 September 2014

Unaudited	30 September 2014 £m	Restated 30 September 2013 £m	Restated 31 March 2014 £m
Non current assets			
Intangible assets	**5.9**	5.9	5.7
Property, plant and equipment	**6.2**	5.3	4.9
Financial assets: loans, investments and warrants	**1,823.4**	2,028.7	1,914.3
Derivative financial assets	**8.5**	9.3	5.8
	1,844.0	2,049.2	1,930.7
Current assets			
Trade and other receivables	**82.2**	68.5	65.2
Financial assets: loans and investments	**64.8**	114.2	115.8
Current tax debtor	**0.2**	0.6	1.5
Derivative financial assets	**28.1**	14.6	12.8
Cash and cash equivalents	**140.2**	184.1	114.9
	315.5	382.0	310.2
Total assets	**2,159.5**	2,431.2	2,240.9
Equity and reserves			
Called up share capital	**80.5**	80.4	80.4
Share premium account	**672.4**	672.1	672.4
Capital redemption reserve	**1.4**	1.4	1.4
Own shares reserve	**(98.3)**	(55.5)	(62.4)
Other reserves	**79.2**	110.5	107.0
Retained earnings	**715.8**	713.3	709.3
Equity attributable to owners of the Company	**1,451.0**	1,522.2	1,508.1
Non controlling interest	**0.5**	(0.4)	(0.1)
Total equity	**1,451.5**	1,521.8	1,508.0
Non current liabilities			
Provisions	**2.9**	3.3	3.2
Financial liabilities	**564.0**	596.4	586.8
Derivative financial liabilities	**3.0**	4.5	4.8
Deferred tax liabilities	**21.8**	32.6	21.8
	591.7	636.8	616.6
Current liabilities			
Provisions	**0.5**	0.5	0.4
Trade and other payables	**81.5**	93.8	87.6
Financial liabilities	**13.8**	135.2	–
Current tax creditor	**17.0**	40.5	23.8
Derivative financial liabilities	**3.5**	2.6	4.5
	116.3	272.6	116.3
Total liabilities	**708.0**	909.4	732.9
Total equity and liabilities	**2,159.5**	2,431.2	2,240.9

Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

Unaudited	**Six months ended 30 September 2014 £m**	Six months ended 30 September 2013 £m	Restated Year ended 31 March 2014 £m
Operating activities			
Interest receipts	**71.5**	184.9	277.2
Fee receipts	**30.6**	27.9	80.2
Dividends received	**14.9**	18.4	25.2
Interest payments	**(17.6)**	(19.0)	(37.8)
Cash payments to suppliers and employees	**(51.0)**	(43.5)	(89.0)
Realisation / (purchase) of current financial assets	**50.8**	(83.1)	(81.4)
Purchase of loans and investments	**(270.9)**	(131.1)	(393.5)
Recoveries on previously impaired assets	**–**	1.9	0.8
Proceeds from sale of loans and investments –principal	**271.1**	528.0	757.4
Proceeds from sale of loans and investments – gains on investments	**22.3**	103.5	144.8
Cash generated from operations	**121.7**	587.9	683.9
Taxes paid	**(14.6)**	(14.7)	(28.1)
Net cash generated from operating activities	**107.1**	573.2	655.8
Investing activities			
Purchase of property, plant and equipment	**(2.2)**	(1.8)	(2.7)
Purchase of intangible asset	**(0.5)**	–	–
Net cash used in investing activities	**(2.7)**	(1.8)	(2.7)
Financing activities			
Dividends paid	**(55.5)**	(52.8)	(78.2)
Decrease in long term borrowings	**(5.9)**	(403.5)	(548.9)
Net cash inflow from derivative contracts	**47.1**	58.9	80.6
Purchase of own shares	**(60.1)**	(27.1)	(27.1)
Proceeds on issue of shares	**–**	0.2	0.7
Net cash used in financing activities	**(74.4)**	(424.3)	(572.9)
Net increase in cash	**30.0**	147.1	80.2
Cash and cash equivalents at beginning of period	**114.9**	41.8	41.8
Effect of foreign exchange rate changes	**(4.7)**	(4.8)	(7.1)
Net cash and cash equivalents at end of period	**140.2**	184.1	114.9

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

Unaudited	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Share based payments reserve £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 2014	**80.4**	**672.4**	**1.4**	**53.3**	**53.7**	**(62.4)**	**709.3**	**1,508.1**	**(0.1)**	**1,508.0**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**69.6**	**69.6**	**0.6**	**70.2**
Available for sale financial assets	**–**	**–**	**–**	**–**	**(25.9)**	**–**	**–**	**(25.9)**	**–**	**(25.9)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(0.1)**	**–**	**–**	**(0.7)**	**(0.8)**	**–**	**(0.8)**
Tax on items taken directly to or transferred from equity	**–**	**–**	**–**	**–**	**6.1**	**–**	**–**	**6.1**	**–**	**6.1**
Total comprehensive income for the period	**–**	**–**	**–**	**(0.1)**	**(19.8)**	**–**	**68.9**	**49.0**	**0.6**	**49.6**
Own shares acquired in the period	**–**	**–**	**–**	**–**	**–**	**(62.3)**	**–**	**(62.3)**	**–**	**(62.3)**
Options/awards exercised	**0.1**	**–**	**–**	**(19.1)**	**–**	**26.4**	**(6.9)**	**0.5**	**–**	**0.5**
Credit for equity settled share schemes	**–**	**–**	**–**	**11.2**	**–**	**–**	**–**	**11.2**	**–**	**11.2**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(55.5)**	**(55.5)**	**–**	**(55.5)**
Balance at 30 September 2014	**80.5**	**672.4**	**1.4**	**45.3**	**33.9**	**(98.3)**	**715.8**	**1,451.0**	**0.5**	**1,451.5**

For the six months ended 30 September 2013

Unaudited	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Share based payments reserve £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 2013	80.4	671.7	1.4	46.6	149.8	(45.7)	659.0	1,563.2	(0.3)	1,562.9
Profit for the period	–	–	–	–	–	–	123.0	123.0	(0.1)	122.9
Available for sale financial assets	–	–	–	–	(110.6)	–	–	(110.6)	–	(110.6)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(0.9)	(0.9)	–	(0.9)
Tax on items taken directly to or transferred from equity	–	–	–	–	26.8	–	–	26.8	–	26.8
Total comprehensive income for the period	–	–	–	–	(83.8)	–	122.1	38.3	(0.1)	38.2
Own shares acquired in the period	–	–	–	–	–	(27.1)	–	(27.1)	–	(27.1)
Options/awards exercised	–	0.4	–	(10.6)	–	17.3	(15.0)	(7.9)	–	(7.9)
Credit for equity settled share schemes	–	–	–	8.5	–	–	–	8.5	–	8.5
Dividends paid	–	–	–	–	–	–	(52.8)	(52.8)	–	(52.8)
Balance at 30 September 2013	80.4	672.1	1.4	44.5	66.0	(55.5)	713.3	1,522.2	(0.4)	1,521.8

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

Unaudited	Share capital £m	Share premium £m	Capital redemption reserve fund £m	Share based payments reserve £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 2013	80.4	671.7	1.4	46.6	149.8	(45.7)	659.0	1,563.2	(0.3)	1,562.9
Profit for the year	–	–	–	–	–	–	137.2	137.2	0.2	137.4
Available for sale financial assets	–	–	–	–	(126.9)	–	–	(126.9)	–	(126.9)
Exchange differences on translation of foreign operations	–	–	–	(0.1)	–	–	(0.5)	(0.6)	–	(0.6)
Tax on items taken directly to or transferred from equity	–	–	–	–	30.8	–	–	30.8	–	30.8
Total comprehensive income for the year	–	–	–	(0.1)	(96.1)	–	136.7	40.5	0.2	40.7
Own shares acquired in the year	–	–	–	–	–	(35.4)	–	(35.4)	–	(35.4)
Options/awards exercised	–	0.7	–	(10.5)	–	18.7	(8.2)	0.7	–	0.7
Credit for equity settled share schemes	–	–	–	17.3	–	–	–	17.3	–	17.3
Dividends paid	–	–	–	–	–	–	(78.2)	(78.2)	–	(78.2)
Balance at 31 March 2014	80.4	672.4	1.4	53.3	53.7	(62.4)	709.3	1,508.1	(0.1)	1,508.0

Notes to the Half Year Report

For the six months ended 30 September 2014

1. Basis of preparation

(i) Basis of preparation

The condensed set of financial statements included in this half yearly financial report have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union, and on the basis of the accounting policies and methods of computation set out in the consolidated financial statements of the Group for the year ended 31 March 2014, with the exception of the adoption of IFRS 10 'Consolidated Financial Statements' which has been adopted in the year and the comparatives have been restated accordingly and IFRS 11 'Joint arrangements' which has had no impact on these interim financial statements.

While the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRSs.

The comparative figures for the financial year ended 31 March 2014 are not the Group's statutory accounts for the financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 31 March 2014 which were prepared under International Financial Reporting Standards as adopted by the EU are available on the Group's website, www.icgam.com.

(ii) Adoption of IFRS 10 'Consolidated financial statements'

<u>Investment Entity assessment</u>

Entities that meet the definition of an Investment Entity are required to account for subsidiaries, associates and joint ventures held for investment purposes only, at fair value through profit or loss. Subsidiaries that provide services related to the Investment Entity's activities continue to be consolidated. The mandatory requirements defining an Investment Entity are:

- An entity that obtains funds from investors to provide investment management services
- An entity that's business purpose is solely to earn capital appreciation and/or investment income
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

This can be characterised by an entity having more than one investment; more than one investor; investors that are not related parties of the entity and has ownership interests in the form of equity or similar. An investment entity may also provide substantial investment services so long as the business purpose remains that the entity invests in funds solely for returns from capital appreciation, investment income or both. The provision of investment advice does not preclude an entity from being an investment entity.

The Board has concluded that the Company meets the definition of an Investment Entity as at 30 September 2014 based on the following assessment. The Board will reassess the Company's Investment Entity status ahead of each balance sheet date.

The Group invests its capital to generate a return, either through capital appreciation and investment income. This is done by investing directly in third party assets and leveraging the investment made in our fund management business. The fund management company manages significant third party capital. However, at present the profitability of our investment company significantly outweighs that of the fund management company.

1. Basis of preparation continued

The Group has historically evaluated all financial assets on a fair value basis. The Investment Committee monitors and evaluates the returns of each investment in totality, regardless of the instruments through which the investment is made, and regardless of the mix of balance sheet and third party capital. The asset continues to be monitored and managed on a fair value basis as a single investment from drawdown through to exit.

Loans and receivables are mostly illiquid private debt instruments, where measurement using third party pricing indicators is not always possible. In the absence of third party pricing indicators, the fair value of these instruments is assessed using the likely recoverability of the instrument and the effective interest rate method. For these instruments, the cash flows have been adjusted to reflect all material credit risk and the effective interest rate method reflects floating market interest rates. All instruments are both evaluated and measured at fair value as part of the ongoing assessment of the portfolio, which due to the nature of these instruments, approximate amortised cost. Loans and receivables classification and measurement at amortised cost cannot be changed under existing accounting standards, therefore we will continue to classify legacy investments at amortised cost, which approximate fair value.

Impact on financial statements

An Investment Entity should account for subsidiaries held for investment purposes at fair value through profit or loss. Subsidiaries that provide a service related to the Investment Entity's activities continue to be consolidated. For subsidiaries that perform a hybrid of investment and service related activities there is no clear treatment in the accounting standard, although this is being examined by the International Accounting Standards Board. Until clarity is provided, the Directors have chosen to consolidate all hybrid entities.

The Directors have undertaken a detailed assessment of all companies within the Group and have concluded that all but three undertake investment related services or are hybrid entities, undertaking both investment and service activities. These are consolidated, with the remaining three entities held at fair value. There is no impact to profit before tax and total comprehensive income or shareholders' funds from this change in treatment.

The statement of financial position has been restated to show the fair value of the investment subsidiaries as financial assets. The impact is to decrease financial assets by £166.5m, cash by £49.9m and other assets by £8.1m, with a decrease in financial liabilities of £189.6m and other liabilities of £34.9m.

The cash flow statement is impacted because the cash held by investment subsidiaries are no longer consolidated, but forms part of the fair value of the investment subsidiary. The cash balance as at 31 March 2014 included £49.9m which has now been excluded from cash and cash equivalents.

(iii) Going concern
The Directors have prepared the condensed financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors made this assessment in light of the £636.8m cash and unutilised debt facilities following a period of high realisations, no significant bank facilities maturing until 2016, and after reviewing the Group's latest forecasts for a period of 18 months from the period end.

(iv) Related party transactions
There have been no material changes to the nature or size of related party transactions since 31 March 2014.

2. Financial risk management

The following table provides the breakdown of financial assets which includes loans and receivables held at amortised cost and financial assets held at fair value through profit and loss. Amortised cost approximates to fair value.

Financial assets – non-current Unaudited	**Six months ended 30 September 2014 £m**	Restated Six months ended 30 September 2013 £m	Restated Year ended 31 March 2014 £m
Loans and receivables held at amortised cost	**784.4**	1,310.1	1,037.2
AFS financial assets held at fair value	**197.5**	245.5	233.4
Financial assets designated as FVTPL	**453.3**	302.9	368.7
Investment in subsidiaries designated as FVTPL	**373.7**	140.7	256.5
Derivative financial instruments held at fair value – warrants	**14.5**	29.5	18.5
	1,823.4	2,028.7	1,914.3
Other derivative financial instruments held at fair value	**8.5**	9.3	5.8
	1,831.9	2,038.0	1,920.1

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

This is followed by a more detailed analysis of the financial instruments which are based on unobservable inputs (Level 3 assets). The subsequent tables provide reconciliations of movement in their fair value during the period split by asset category and by geography. The Group is required to provide disclosures at a more detailed level than by asset category, segregating each asset category by sector or geography. The Group has chosen to present financial instruments by geography as the diverse nature of the Group's assets makes any disclosure of assets by industry less meaningful to the Group's risk profile than geographical factors.

Notes to the Half Year Report continued

for the six months ended 30 September 2014

2. Financial risk management continued

Fair value measurements recognised in the statement of financial position continued

Financial assets / financial liabilities	Fair value as at 30 September 2014 £m	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Level 1 investments	54.8	Level 1	A small number of assets have been listed on various stock exchanges around the world, providing an external basis for valuing the Group's holdings.	n/a	n/a
Level 3 investments excluding CLOs and funds	263.3	Level 3	Earnings based technique. The earnings multiple is derived from a set of comparable listed companies or relevant market transaction multiples. A premium or discount is applied to the earnings multiple to adjust for points of difference relating to risk and earnings growth prospects between the comparable company set and the private company being valued. Earnings multiples are applied to the maintainable earnings to determine the enterprise value. From this, the value attributable to the Group is calculated based on its holding in the company after making deductions for higher ranking instruments in the capital structure. To determine the value of warrants, the exercise price is deducted from the equity value.	The discount applied is generally in a range of 5% to 30% and exceptionally as high as 55%. A premium has been applied to four assets in the range of 4% to 36%. The earnings multiple is generally in the range of 9 to 15, and exceptionally as high as 29 and as low as 5	The higher the adjusted multiple, the higher the valuation
Investments in funds (including subsidiaries designated as FVTPL)	515.0	Level 3	The Net Asset Value (NAV) of the fund is based on the underlying investments which are held either as FVTPL assets or as loans and receivables initially recognised at fair value and subsequently valued at amortised cost. The carrying value of loans and receivables held at amortised cost are considered a reasonable approximation of fair value. We have reviewed the underlying valuation techniques and consider them to be in line with the Group's.	The NAV of the underlying fund, typically calculated under IFRS	The higher the NAV, the higher the fair value
Listed credit funds	106.0	Level 1	Quoted bid prices in an active market.	n/a	n/a
Unlisted CLO investments	67.5	Level 3	Discounted cash flow at a discount rate of 8%. The following assumptions are applied to each investment's cashflows: 3% annual default rate, 15% annual prepayment rate, 50 to 60% recovery rate for senior loans and 0% recovery rate for remainder. For new investments held at fair value, where models are not yet available, cost is deemed the best approximation for fair value.	Discounted cash flows	The higher the cash flows the higher the fair value. The higher the discount, the lower the fair value

2. Financial risk management continued

Fair value measurements recognised in the statement of financial position continued

Financial assets / financial liabilities	Fair value as at 30 September 2014 £m	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
US CLO investments	32.4	Level 3	Discounted cash flow at a discount rate of 8%. The following assumptions are applied to each investment's cashflows: 2% annual default rate, 15% annual prepayment rate, 75% recovery rate. For new investments held at fair value, where models are not yet available, cost is deemed the best approximation for fair value.	Discounted cash flows	The higher the cash flows the higher the fair value. The higher the discount, the lower the fair value
Derivatives	30.1	Level 2	The Group uses widely recognised valuation models for determining the fair values of over-the-counter interest rate swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The valuations are market observable, internally calculated and verified to externally sourced data and are therefore included within level 2.	n/a	n/a
Total	1,069.1				

Impairments

The movement in the provision for impairment losses during the year is as follows:

Unaudited	**Six months ended 30 September 2014 £m**	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
Balance at 1 April	**341.7**	549.2	549.2
Charged to income statement	**19.7**	62.5	116.3
Impairment arising through restructuring of assets	**16.7**	17.3	17.3
Recovery of previously impaired assets	**(15.3)**	(3.5)	(21.2)
Assets written off in year	**(42.0)**	(224.2)	(311.2)
Foreign exchange	**(14.2)**	(4.3)	(8.7)
Balance at 30 September / 31 March	**306.6**	397.0	341.7

The carrying amount of financial assets represents the Directors' assessment of the maximum credit risk exposure of the Group and Company at the balance sheet date. Impairment losses taken during the year reflect the decline in recoverability on individual assets, either as a result of company specific or of general macroeconomic conditions.

2. Financial risk management continued

Fair value measurements recognised in the statement of financial position continued

As at 30 September 2014

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at FVTPL				
Designated as FVTPL				
- UK	110.8	–	537.5	648.3
- France	–	–	85.4	85.4
- US	–	–	33.9	33.9
- Japan	–	–	28.5	28.5
- Australia	–	–	21.6	21.6
- Other	0.4	–	8.9	9.3
	111.2	–	715.8	827.0
Derivative financial instruments – warrants				
- France	–	–	6.1	6.1
- Germany	–	–	4.5	4.5
- UK	–	–	3.9	3.9
	–	–	14.5	14.5
AFS financial assets held at fair value				
- UK	–	–	55.2	55.2
- France	10.5	–	40.9	51.4
- US	30.0	–	12.5	42.5
- Australia	–	–	33.9	33.9
- Other	9.1	–	5.4	14.5
	49.6	–	147.9	197.5
Other derivative financial instruments	–	36.6	–	36.6
	160.8	36.6	878.2	1,075.6
Financial liabilities at FVTPL				
Derivative financial liabilities	–	(6.5)	–	(6.5)
	–	(6.5)	–	(6.5)
Net financial assets at FVTPL	**160.8**	**30.1**	**878.2**	**1,069.1**

The only transfers between levels in the current year arose on three assets which listed a proportion of their shares on three separate international stock exchanges providing an external basis for valuing the Group's instruments. As a result the instruments were transferred from Level 3 to Level 1.

2. Financial risk management continued

Reconciliation of Level 3 fair value measurements of financial assets

The tables detail the movements in financial assets valued using the level 3 basis of measurement in aggregate and geographically by asset category.

Within the income statement, realised gains and fair value movements are included within gains on investments and foreign exchange is included within finance costs. Within other comprehensive income fair value movements and foreign exchange are included within fair value movements.

	Restated Financial assets at FVTPL £m	Derivative financial instruments - warrants £m	AFS assets £m	Restated Total £m
At 1 April 2014	**514.3**	**18.5**	**201.8**	**734.6**
Transfer to Level 1	–	–	(21.5)	(21.5)
Total gains or losses in the income statement				
- Realised gains	(10.7)	–	(8.4)	(19.1)
- Fair value gains / (losses)	32.8	(3.1)	–	29.7
- Foreign exchange	(7.6)	(0.9)	–	(8.5)
Total gains or losses in other comprehensive income				
- Unrealised losses	–	–	(12.6)	(12.6)
- Foreign exchange	–	–	(7.2)	(7.2)
Purchases	213.2	–	1.8	215.0
Realisations	(24.6)	–	(6.0)	(30.6)
Reclassification	(1.6)	–	–	(1.6)
At 30 September 2014	**715.8**	**14.5**	**147.9**	**878.2**

Financial assets at FVTPL as at 1 April 2014 have been restated on adoption of IFRS 10 and are £24.5m higher than previously reported. This represents the fair value of the Company's equity investment in US CLO 1, which has been classified as a level 3 asset. The Company's equity investment had previously been eliminated on consolidation of US CLO 1.

2. Financial risk management continued

Reconciliation of Level 3 fair value movements by geography

Financial assets at FVTPL	UK £m	France £m	US £m	Japan £m	Australia £m	Other £m	Total £m
At 1 April 2014 restated	**373.6**	**73.9**	**29.1**	**–**	**16.4**	**21.3**	**514.3**
Total gains or losses in the income statement							
- Realised gains	(0.7)	(1.4)	–	–	–	(8.6)	(10.7)
- Fair value gains / (losses)	14.2	18.2	(8.9)	0.6	1.8	6.9	32.8
- Foreign exchange	(2.6)	(4.0)	1.3	(0.9)	3.4	(4.8)	(7.6)
Purchases	171.7	–	12.4	28.8	–	0.3	213.2
Realisations	(17.1)	(1.3)	–	–	–	(6.2)	(24.6)
Reclassification	(1.6)	–	–	–	–	–	(1.6)
At 30 September 2014	**537.5**	**85.4**	**33.9**	**28.5**	**21.6**	**8.9**	**715.8**

Derivative financial instruments – warrants	France £m	Germany £m	UK £m	Denmark £m	Total £m
At 1 April 2014 restated	**8.7**	**3.8**	**2.2**	**3.8**	**18.5**
Total gains or losses in the income statement					
– Fair value gains / (losses)	(2.1)	0.9	1.7	(3.6)	(3.1)
– Foreign exchange	(0.5)	(0.2)	–	(0.2)	(0.9)
At 30 September 2014	**6.1**	**4.5**	**3.9**	**–**	**14.5**

AFS assets	UK £m	France £m	US £m	Australia £m	Other £m	Total £m
At 1 April 2014 restated	**50.5**	**63.7**	**14.5**	**34.0**	**39.1**	**201.8**
Transfer to Level 1	–	(11.3)	–	–	(10.2)	(21.5)
Total gains or losses in the income statement						
– Realised losses / (gains)	–	1.7	–	–	(10.1)	(8.4)
Total gains or losses in other comprehensive income						
– Unrealised gains / (losses)	6.2	(8.5)	(2.5)	0.9	(8.7)	(12.6)
– Foreign exchange	(2.4)	(2.9)	0.5	(1.0)	(1.4)	(7.2)
Purchases	1.7	0.1	–	–	–	1.8
Realisations	(0.8)	(1.9)			(3.3)	(6.0)
At 30 September 2014	**55.2**	**40.9**	**12.5**	**33.9**	**5.4**	**147.9**

for the six months ended 30 September 2014

2. Financial risk management continued

Fair value sensitivity analysis

The following table shows the sensitivity of fair values grouped in level 3 to adjusted earnings multiples in the valuation models, for a selection of the largest financial assets. It is assumed that the multiple was changed by 10% while all the other variables were held constant. For investments held in funds, the unobservable inputs are the Net Asset Values (NAVs) of the fund, and sensitivity of these NAVs to a 10% increase/decrease is also contained in the numbers below:

		30 September 2014	
	Value £m	**+10% £m**	**-10% £m**
Investments designated as FVTPL	**715.8**	**857.8**	**573.8**
Derivative financial instruments held at fair value - warrants	**14.5**	**19.2**	**9.8**
AFS financial assets held at fair value	**147.9**	**163.1**	**132.7**
	878.2	**1,040.1**	**716.3**

Derivatives

The Group utilises the following derivative instruments for economic hedging purposes:

		30 September 2014	
	Contract of underlying principal amount £m	**Fair values Asset £m**	**Fair values Liability £m**
Forward foreign exchange contracts	1,314.0	26.8	(3.5)
Cross currency swaps	80.4	6.1	(3.0)
Interest rate swaps	33.6	3.7	–
Balance at 30 September 2014	**1,428.0**	**36.6**	**(6.5)**

Included in derivative financial instruments is accrued interest on swaps of £0.7m.

Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements by the Financial Conduct Authority (FCA) and ensure that the Group maximises the return to Shareholders through the optimisation of the debt and equity balance. The Group's strategy has remained unchanged from the year ended 31 March 2014.

The capital structure comprises debts, which includes the borrowings disclosed in note 8 of audited Group Financial Statements for the year ended 31 March 2014, cash and cash equivalents, and capital and reserves of the Parent Company, comprising called up share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group has complied with the imposed minimum capital throughout the year. The full Pillar 2 disclosures are available on the Company's website www.icgam.com.

For the six months ended 30 September 2014

3. Business segments

For management purposes, the Group is currently organised into two distinct business groups, the Fund Management Company (FMC) and the Investment Company (IC). Segment information about these businesses is presented below as reviewed by the Executive Committee.

ICG Global Investments UK Limited and ICG Global Investments Jersey Limited are consolidated for the purposes of internal reporting. The Global Investments Fund Structure comprises ICG Group's co investment in ICG Europe Fund V, ICG North American Debt Fund and ICG Asia Pacific Fund III. Under IFRS 10 these subsidiaries have been reclassified as entities held for investment purposes, and as a result they are no longer consolidated in the statutory financial statements. Instead they are held as investments at fair value through profit or loss. Included in the below is £(5.4)m (H1 2014: £4.3m; FY 2014: £10.7m) within Net interest income, that is presented in the Consolidated Income Statement as Gains on investments

The Group reports the profit of the FMC separately from the profits generated by the IC. The FMC is defined as the operating unit and as such incurs the majority of the Group's costs, including the cost of the investment network, i.e. the Investment Executives and the local offices, as well as the cost of most support functions, primarily information technology, human resources and marketing. The IC is charged a management fee of 1% of the carrying value of the average investment portfolio by the FMC and this is shown below as fee income. The costs of finance, treasury, and portfolio administration teams and the costs related to being a listed entity are allocated to the IC. The remuneration of the Managing Directors is allocated equally to the FMC and the IC.

Six months ended 30 September 2014 Unaudited	**Europe Mezzanine £m**	**Credit Fund Management £m**	**Asia £m**	**US £m**	**Total FMC £m**	**IC £m**	**Total £m**
External fee income	37.2	11.3	1.4	0.9	50.8	–	50.8
Inter-segmental fee	6.1	1.4	0.8	0.5	8.8	(8.8)	–
Fund management fee income	43.3	12.7	2.2	1.4	59.6	(8.8)	50.8
Other operating income					–	2.3	2.3
Gains on investments					–	48.3	48.3
Net interest income					(0.2)	59.2	59.0
Dividend income					4.3	1.1	5.4
Net fair value loss on derivatives					–	(2.8)	(2.8)
					63.7	99.3	163.0
Impairment					–	(21.1)	(21.1)
Staff costs					(13.5)	(2.9)	(16.4)
Incentive scheme costs					(9.4)	(13.0)	(22.4)
Other administrative expenses					(14.1)	(3.7)	(17.8)
Profit before tax					26.7	58.6	85.3

For the six months ended 30 September 2014

3. Business segments continued

Six months ended 30 September 2013 Restated Unaudited	Europe Mezzanine £m	Credit Fund Management £m	Asia £m	US £m	Total FMC £m	IC £m	Total £m
External fee income	27.1	9.4	1.5	–	38.0	–	38.0
Inter-segmental fee	8.9	0.4	0.9	0.5	10.7	(10.7)	–
Fund management fee income	36.0	9.8	2.4	0.5	48.7	(10.7)	38.0
Other operating income					–	2.1	2.1
Gains on investments					–	151.0	151.0
Net interest income					(0.2)	77.8	77.6
Dividend income					0.3	18.1	18.4
Net fair value loss on derivatives					–	(6.8)	(6.8)
					48.8	231.5	280.3
Impairment					–	(76.3)	(76.3)
Staff costs					(11.7)	(2.4)	(14.1)
Incentive scheme costs					(6.7)	(11.2)	(17.9)
Other administrative expenses					(13.7)	(3.0)	(16.7)
Profit before tax					16.7	138.6	155.3

Year ended 31 March 2014 Restated Unaudited	Europe Mezzanine £m	Credit Fund Management £m	Asia £m	US £m	Total FMC £m	IC £m	Total £m
External fee income	55.6	18.9	4.4	0.1	79.0	–	79.0
Inter-segmental fee	16.0	2.2	1.5	1.0	20.7	(20.7)	–
Fund management fee income	71.6	21.1	5.9	1.1	99.7	(20.7)	79.0
Other operating income					–	6.9	6.9
Gains on investments					–	134.1	134.1
Net interest income					(0.4)	149.0	148.6
Dividend income					1.3	19.7	21.0
Net fair value loss on derivatives					–	(16.4)	(16.4)
					100.6	272.6	373.2
Impairment					–	(112.4)	(112.4)
Staff costs					(23.5)	(6.8)	(30.3)
Incentive scheme costs					(13.6)	(22.6)	(36.2)
Other administrative expenses					(28.4)	(7.2)	(35.6)
Profit before tax					35.1	123.6	158.7

For the six months ended 30 September 2014

3. Business segments continued

For internal reporting purposes the interest owed from the co investments in ICG Europe Fund V, ICG North American Debt Fund and ICG Asia Pacific Fund III is presented within debtors whereas under IFRS it is included within the value of the investment. Included in the Consolidated Income Statement as non current financial assets is £(1.1)m (H1 2014: £3.0m; FY 2014: £6.6m) that is included within debtors for internal reporting purposes.

									Restated
			30 September 2014			30 September 2013			31 March 2014
Unaudited	**Internally reported £m**	**Adjustments £m**	**Financial Statements £m**	Internally reported £m	Adjustments £m	Financial Statements £m	Internally reported £m	Adjustments £m	Financial Statements £m
Financial assets	**1,824.5**	**(1.1)**	**1,823.4**	2,025.7	3.0	2,028.7	1,907.7	6.6	1,914.3
Other assets	**335.0**	**1.1**	**336.1**	405.5	(3.0)	402.5	333.2	(6.6)	326.6
Total assets	**2,159.5**	–	**2,159.5**	2,431.2	–	2,431.2	2,240.9	–	2,240.9
Financial liabilities	**577.8**	**–**	**577.8**	731.6	–	731.6	586.8	–	586.8
Other liabilities	**130.2**	**–**	**130.2**	177.8	–	177.8	146.1	–	146.1
Total liabilities	**708.0**	**–**	**708.0**	909.4	–	909.4	732.9	–	732.9
Equity	**1,451.5**	–	**1,451.5**	1,521.8	–	1,521.8	1,508.0	–	1,508.0
Total equity and liabilities	**2,159.5**	**–**	**2,159.5**	2,431.2	–	2,431.2	2,240.9	–	2,240.9

4. Dividends

The Board has approved an interim dividend of 6.9p per share (H1 2014: 6.6p).

5. Earnings per share

Unaudited	**Six months ended 30 September 2014 £m**	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to the equity holders of the parent	**69.6**	123.0	137.2
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**382,440,183**	384,869,973	384,828,814
Effect of dilutive potential ordinary share options	**112,424**	155,726	135,969
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**382,552,607**	385,025,699	384,964,783
Earnings per share	**18.2p**	32.0p	35.7p
Diluted earnings per share	**18.2p**	31.9p	35.6p

For the six months ended 30 September 2014

5. Earnings per share continued

As at 30 September 2014 the total number of shares allotted, called up and in issue was 402,258,370 (31 March 2014 and 30 September 2013: 402,242,770), of which 25,425,756 (31 March 2014 and 30 September 2013: 17,455,342) were held in the own shares reserve.

6. Gains and losses arising on investments

(a) Gains and losses arising on AFS financial assets recognised in other comprehensive income

Unaudited	**Six months ended 30 September 2014 £m**	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
Realised gains on ordinary shares recycled to profit	**(9.2)**	(110.1)	(125.7)
Net gains recycled to profit	**(9.2)**	(110.1)	(125.7)
Gains and losses arising on AFS financial assets			
- Fair value movement on equity instruments	**(14.1)**	2.0	(1.6)
- Fair value movement on other assets	**0.3**	2.7	7.2
Foreign exchange	**(2.9)**	(5.2)	(6.8)
Losses arising in the AFS reserve in the period	**(16.7)**	(0.5)	(1.2)

(b) Gains and losses on investments recognised in the income statement

Unaudited	**Six months ended 30 September 2014 £m**	Restated Six months ended 30 September 2013 £m	Restated Year ended 31 March 2014 £m
Realised gains on warrants	–	2.5	11.2
Realised gains on assets designated as FVTPL	**3.7**	0.1	16.9
Realised gains on AFS financial assets recycled from AFS reserves	**9.2**	110.1	125.7
Realised gains on other assets	**1.0**	–	0.3
	13.9	112.7	154.1
Unrealised gains and losses on assets designated as FVTPL			
- Fair value movement on equity instruments	**39.7**	47.5	5.5
- Fair value movement on warrants	**(2.9)**	3.2	(6.3)
- Fair value movement on other assets	**(7.5)**	3.6	4.8
	29.3	54.3	4.0
Fair value movements on FVTPL financial assets	**43.2**	167.0	158.1
Realised losses on amortised cost assets	**(0.3)**	(11.7)	(13.3)
Gains on investments	**42.9**	155.3	144.8

7. Tax expense

Analysis of tax on ordinary activities Unaudited	**Six months ended 30 September 2014 £m**	Six months ended 30 September 2013 £m	Year ended 31 March 2014 £m
Current tax:			
Corporate tax	**9.3**	26.1	31.4
Prior year adjustment	**–**	–	(3.5)
	9.3	26.1	27.9
Deferred tax:			
Current period	**7.0**	7.4	(5.4)
Prior year adjustment	**(1.2)**	(1.1)	(1.2)
	5.8	6.3	(6.6)
Tax on profit on ordinary activities	**15.1**	32.4	21.3

The current period tax charge is lower than the standard rate of UK corporate tax of 21% primarily due to the impact of overseas tax rates.

8. Financial liabilities

Non current and current financial liabilities have decreased by £9.0m in the period since 31 March 2014.

During the period, the Group issued a further €25.0m listed note in June under the Medium Term Note Programme that was established in March 2014. This brings the total amount of notes issued under the programme to €75.0m. In addition, the Group has extended £150.0m of its £325.0m bilateral facility by one year such that the final maturity date is now May 2017.

The fair value of financial liabilities is £577.8m (30 September 2013: £731.6m, 31 March 2014: £586.8m), determined where applicable with reference to their published market price.

9. Post balance sheet events

On 1 October 2014, the Group acquired the remaining 49% of Longbow Real Estate Capital LLP (ICG Longbow), thereby giving it 100% of the equity of the UK real estate debt specialist.

Cash consideration of £13.9m was paid on acquisition with a further £24.0m recognised as the fair value of contingent consideration. The contingent consideration arrangement is based on a multiple of adjusted net income as at 31 March 2016, less the £13.9m paid to acquire the 49% equity holding. The fair value of the contingent consideration, being the estimate of what will be paid, at the date of acquisition was based on management projections of the adjusted net income as at 31 March 2016, discounted back to present day.

Any movement in the fair value of the contingent consideration resulting from events after the balance sheet date will be recognised through the income statement. The final amount paid may be greater or lesser than the amount currently provided.

The difference between the estimated consideration of £37.9m and the fair value of the non controlling interest at the date of acquisition of £0.5m was £37.4m. This amount will be charged to retained earnings.

Balance Sheet Investments

At 30 September 2014, the Investment Company's portfolio amounted to £1,824.5m, including £667.6m of equity investments.

Top 20 assets at 30 September 2014

The top 20 assets (excluding portfolios) account for 41% of the IC's investment portfolio and are listed below.

Company	Country	Industry	Investment year	£m*
Gerflor	France	Building materials	2006	95.2
Minimax	Germany	Electronics	2014	60.2
N&W Global Vending	Italy	Retail	2008	54.2
SAG	Germany	Utilities	2008	48.0
Feu Vert	France	Automotive	2007	42.1
Fort Dearborn	USA	Packaging & paper	2010	38.1
Euro Cater	Denmark	Retail	2013	37.3
Education Personnel	UK	Employment agency	2014	34.4
Fraikin	France	Transport	2007	34.2
Inspecta	Finland	Business services	2007	33.0
AAS Link	Australia	Financial services	2007	32.9
Parkeon	France	Business services	2007	32.0
Intelsat	USA	Telecoms	2008	30.0
Flaktwoods	France	Telecoms	2007	29.6
Casa Reha	Germany	Healthcare	2008	29.1
ATPI	UK	Leisure	2012	23.3
Courtepaille	France	Retail	2011	23.1
Firth Rixson	UK	Manufacturing & engineering	2007	23.0
Tractel	France	Manufacturing & engineering	2007	22.9
Hospital Management Group	USA	Healthcare	2011	21.7
Total				**744.3**

*carrying value on ICG balance sheet at 30 September 2014, including equity stake listed below when relevant.

Top 10 equity assets at 30 September 2014

The top 10 equity positions (included in the above table) account for 14% of the IC's investment portfolio and 39% of our equity portfolio and are listed below.

Company	Country	Industry	Investment year	£m
Gerflor	France	Building materials	2006	74.0
AAS Link	Australia	Financial services	2007	32.9
Intelsat	USA	Telecoms	2008	30.0
Parkeon	France	Business services	2007	27.9
Mennisez	France	Food & consumer products	2006	21.6
Minimax	Germany	Electronics	2014	15.9
Quorn	UK	Food manufacturing	2011	15.6
Anacap	UK	Financial Services	2005	14.2
Acromas	UK	Financial Services	2007	13.6
AVR	Netherlands	Waste management	2006/2007	13.6
Total				**259.3**

Glossary

Term	Short form	Definition
AIFMD		The EU Alternative Investment Fund Managers Directive.
Assets under management	AUM	Value of all funds and assets managed by the FMC.
Carried Interest	Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
Cash core income	CCI	Profit before tax excluding fair value movement on derivatives, capital gains, impairments and unrealised rolled up interest.
Catch up fees		Fees not previously recognised as either the fund commitment had not been contractually agreed or the income was otherwise uncertain.
Closed end fund		A fund where the amount of investable capital is fixed.
Co-investment	Co-invest	A direct investment made alongside a fund taking a pro-rata share of all instruments.
Collateralised Debt Obligation	CDO	Investment grade security backed by a pool of non mortgage based bonds, loans and other assets.
Collateralised Loan Obligation	CLO	CLO is a type of CDO, which is backed by a portfolio of loans.
Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
EBITDA		Earnings before interest, tax, depreciation and amortisation.
Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group's employee share schemes.
Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service firms in provision of services to consumers.
Financial Reporting Council	FRC	UK's independent regulator responsible for promoting high quality corporate governance and reporting.
Fund Management Company	FMC	The Group's operating vehicle, which sources and manages investments on behalf of the IC and third party funds.
HMRC		HM Revenue & Customs, the UK tax authority.
IAS		International Accounting Standards.
IFRS		International Financial Reporting Standards as adopted by the European Union.
Illiquid assets		Asset classes which are not actively traded.
Investment Company	IC	The investment unit of ICG plc. It co-invests alongside third party funds.
Internal Rate of Return	IRR	The annualised return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the asset.
Key Man		Certain funds have designated Key Men. The departure of a Key Man without adequate replacement triggers a contractual right for investors to

		cancel their commitments.
Liquid assets		Asset classes with an active, established market in which assets may be readily bought and sold.
Open ended fund		A fund which remains open to new commitments and where an investors commitment may be redeemed with appropriate notice.
Operating margin		Total fee income less operating expenses divided by total fee income.
Payment in kind	PIK	Also known as rolled up interest. PIK is the interest accruing on a loan until maturity or refinancing, without any cash flows until that time.
Performance fees		Incentive fees paid when fund performance exceeds a fixed hurdle.
Realisation		The return of invested capital in the form of principal, rolled up interest and/or capital gain.
Return on assets	ROA	Returns divided by the average IC investment portfolio. Returns comprise interest and dividend income, plus net gains on investments, less impairments.
Return on equity	ROE	Profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period.
Securitisation		A form of financial structuring whereby a pool of assets is used to as security (collateral) for the issue of new financial instruments.
Senior debt		Senior debt ranks above mezzanine and equity.
UK Corporate Governance Code	The Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.
UNPRI		UN Principles for Responsible Investing.
Whole loans		A property loan which represents all debt secured on the property.

Company Information

Timetable

Ex-dividend date	4 December 2014
Record date for interim dividend	5 December 2014
Last date for dividend reinvestment election	15 December 2014
Payment of interim dividend	8 January 2015
Interim management statement	28 January 2015
Full year results announcement	20 May 2015

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Website

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