Intermediate Capital Group PLC

Results for the six months to 30 September 2006

Summary

- A very strong performance in the first half
- Growth in both core income and capital gains
- Further growth in the loan book
- Good performance in fund management
- Record level of mezzanine deal flow across Europe but still very competitive
- Encouraging prospects for the second half

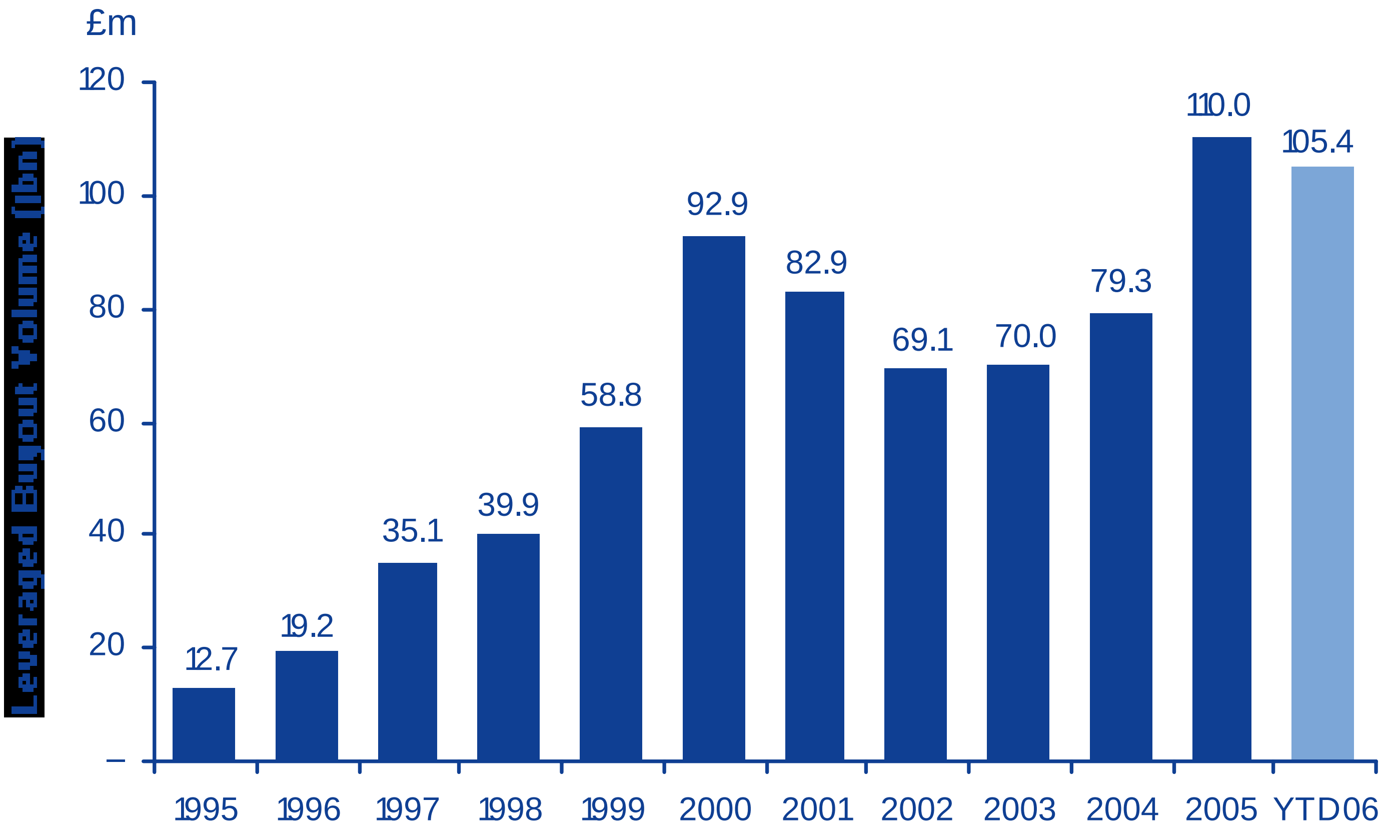
Highlights

- Core income up 15% to £52.5m
- Gross capital gains up 44% to £93.3m
- Pre-tax profits up 36% to £106.9m
- Satisfactory level of new investment but repayments still high
- Overall loan book growth of 9% to £1.6bn in first six months and 26% up on last year

Market Background

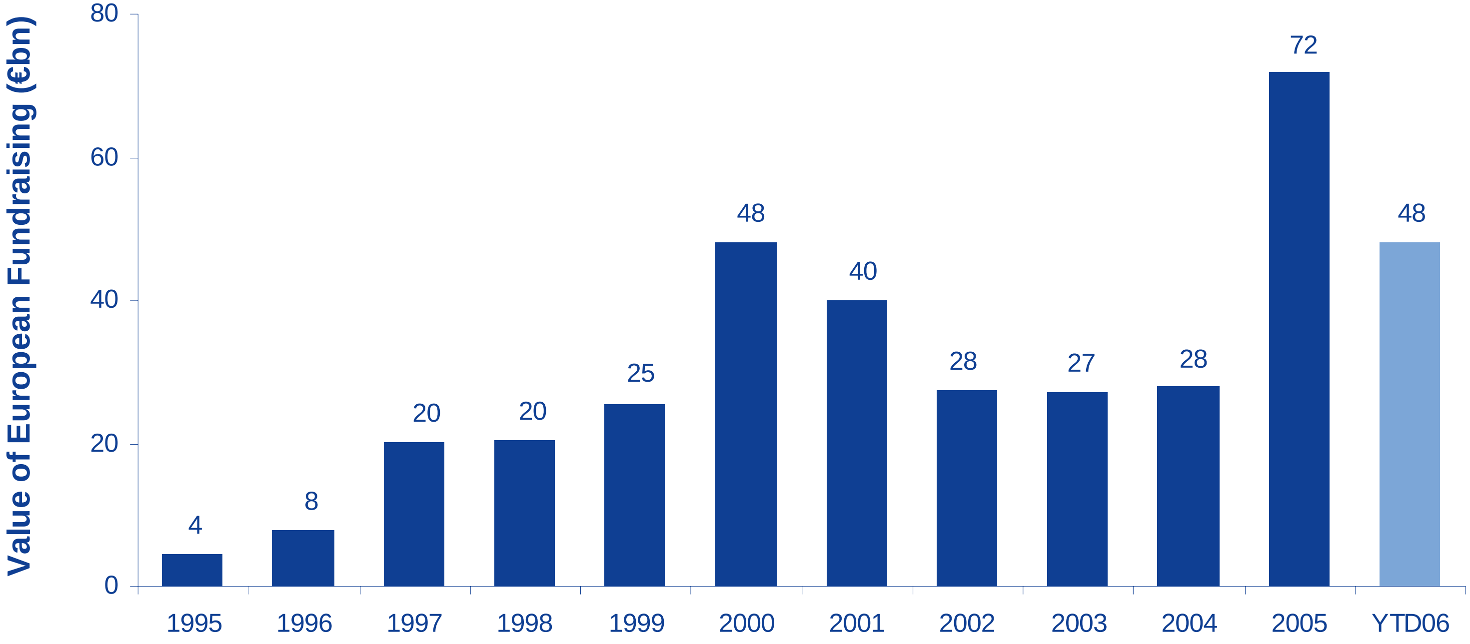
- The European buyout market continues to be very active
- Record new private equity fund raising
- Strong competition among financial buyers leading to higher prices
- LBO activity supported by increase in liquidity and competition in the debt markets

European LBO Activity



Source: S & P

European Private Equity Funding

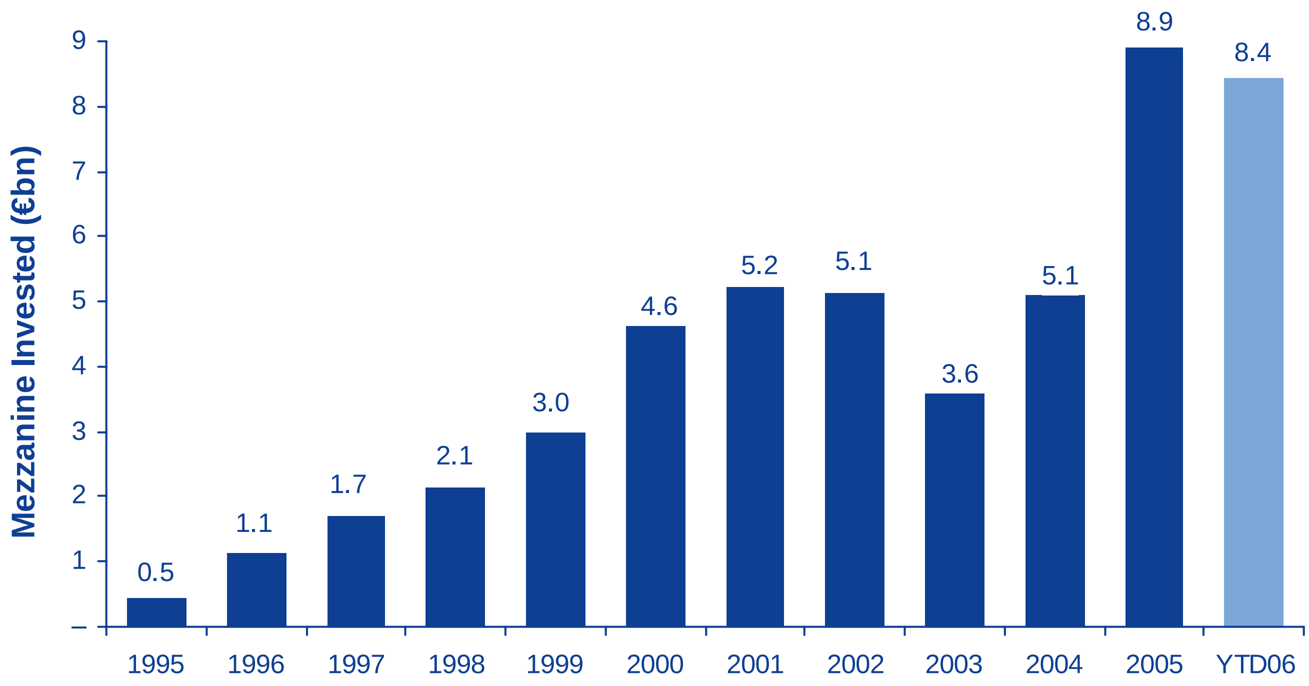


Source: EVCA

European Mezzanine Market

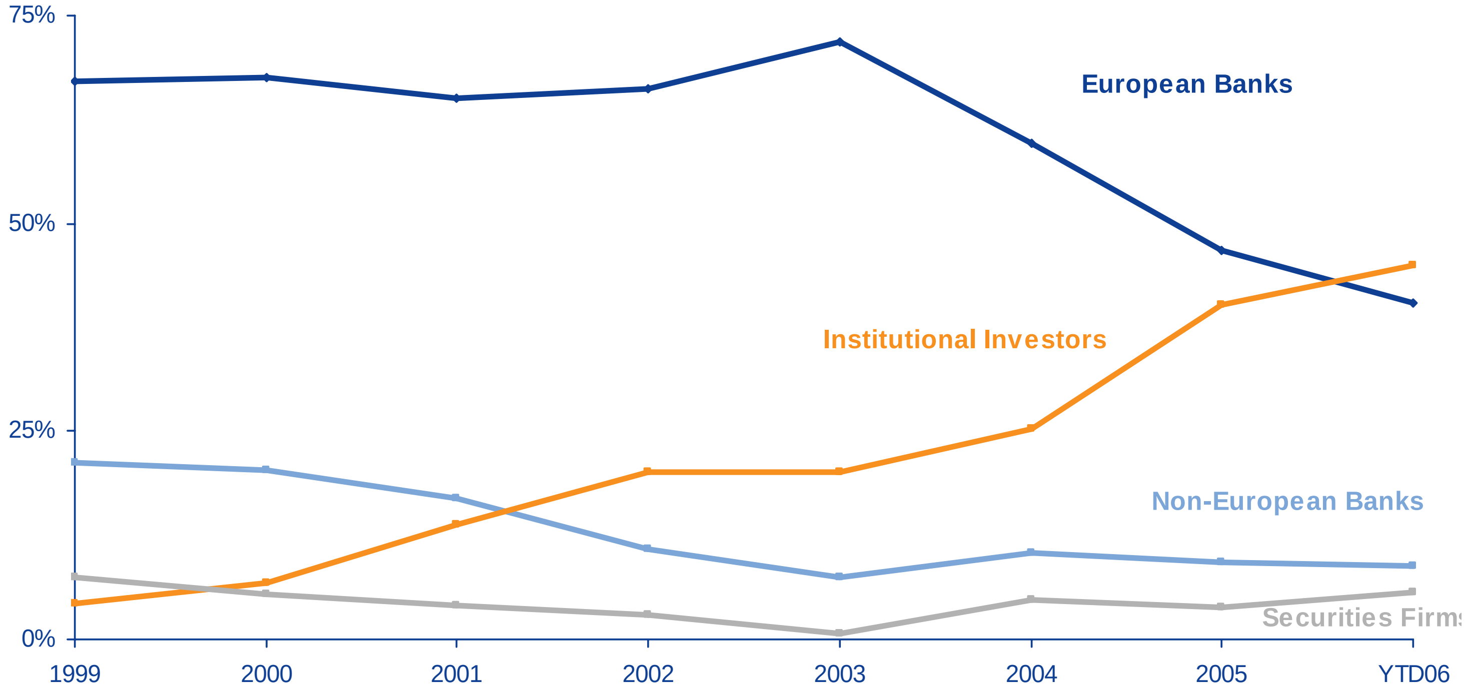
- **Mezzanine demand at record levels**
- **Increasingly competitive market**
- **ICG's position remains strong**
  - The largest independent mezzanine investor in Europe
  - Strong regional network
- **Mezzanine Market polarising**
  - Larger London based commodity transactions
  - Local mid-market transactions
  - Growth capital and sponsorless opportunities

European Mezzanine Market



Source: S & P

European Primary Leverage Loan Market
Investor Type

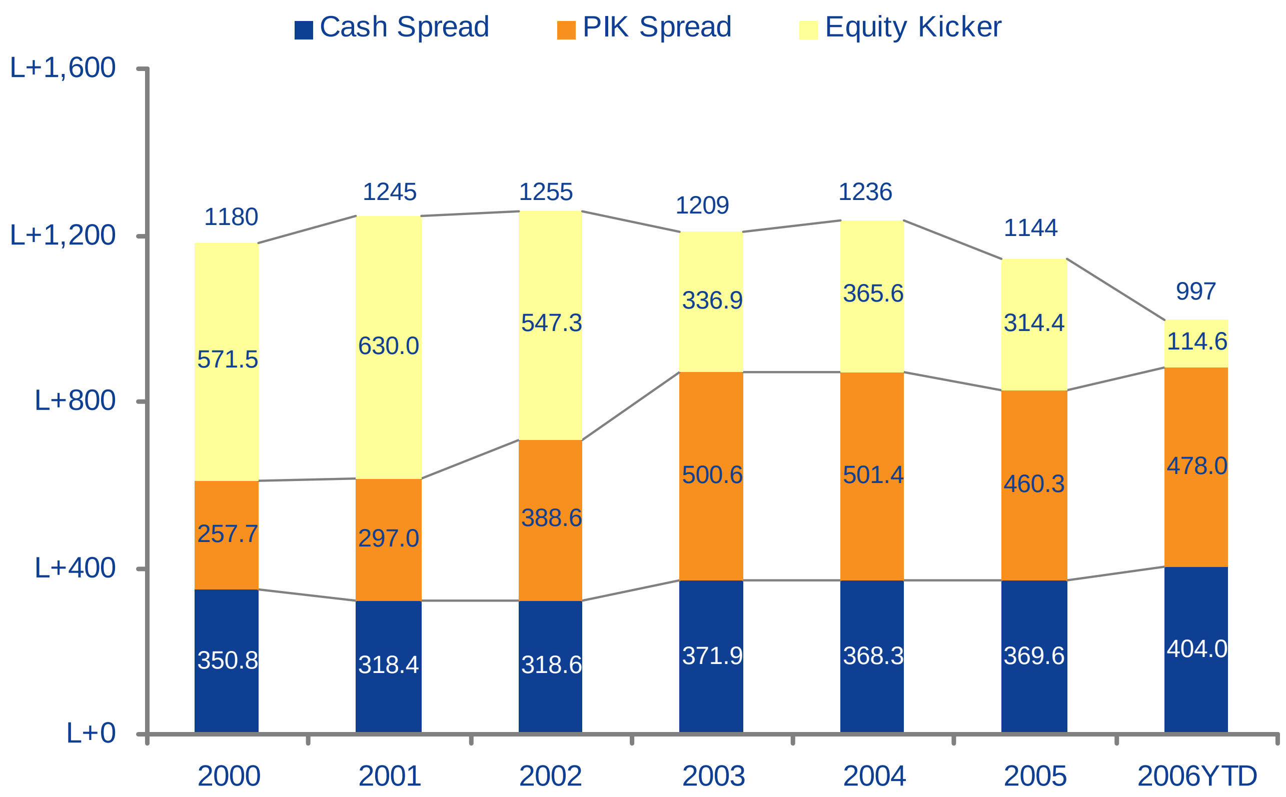


Source: S & P

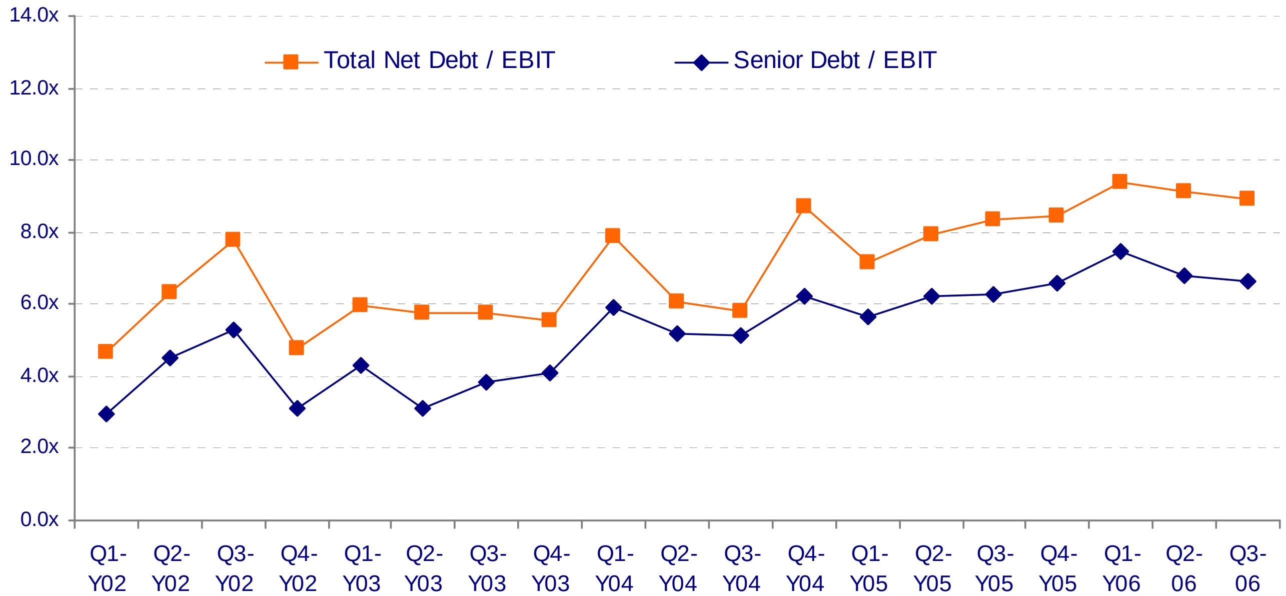
European Mezzanine Market
Pricing and Structures

- Real pressure on pricing, particularly on larger deals
- Leverage levels rising, particularly for large deals
- Continued use of warrantless mezzanine
- Increased direct equity co-investment as a consequence

ICG Pricing on New Loans

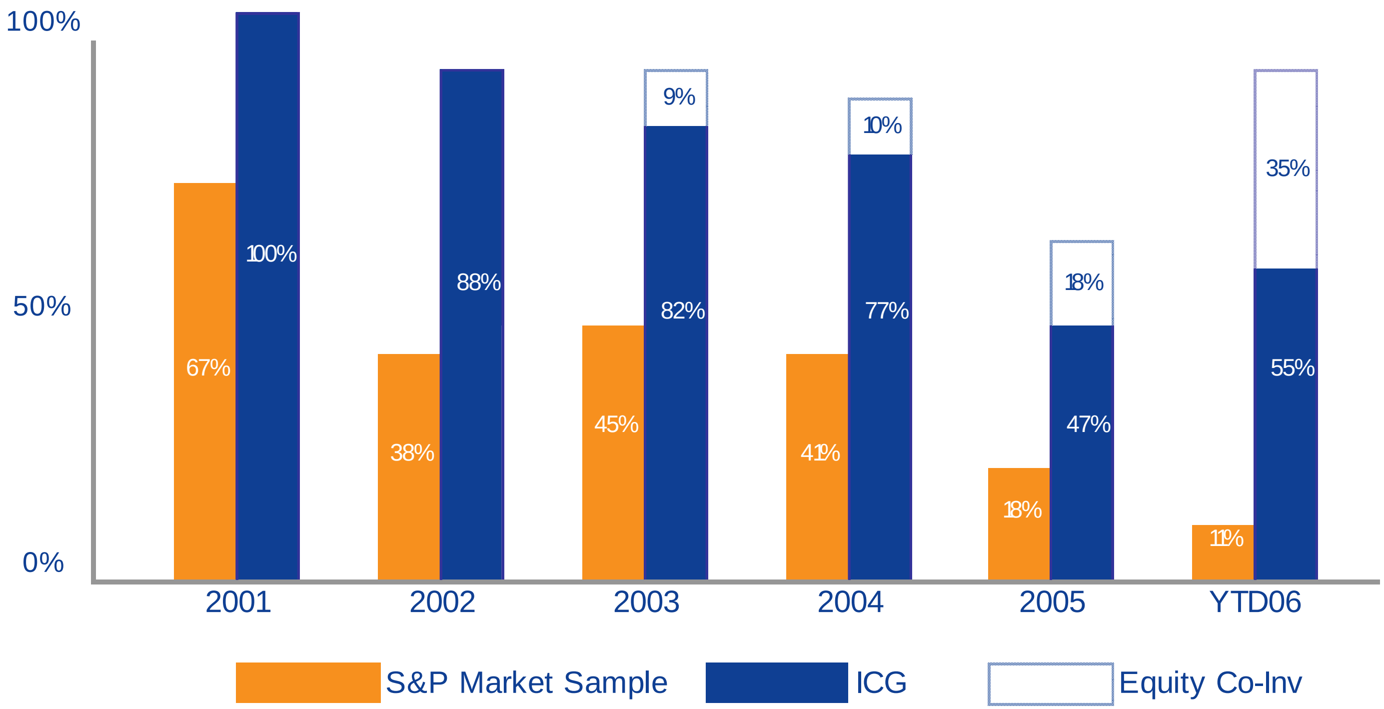


Quarterly Gearing for New Loans



Source ICG: weighted average excluding BAA & SSP

Warranted Mezzanine



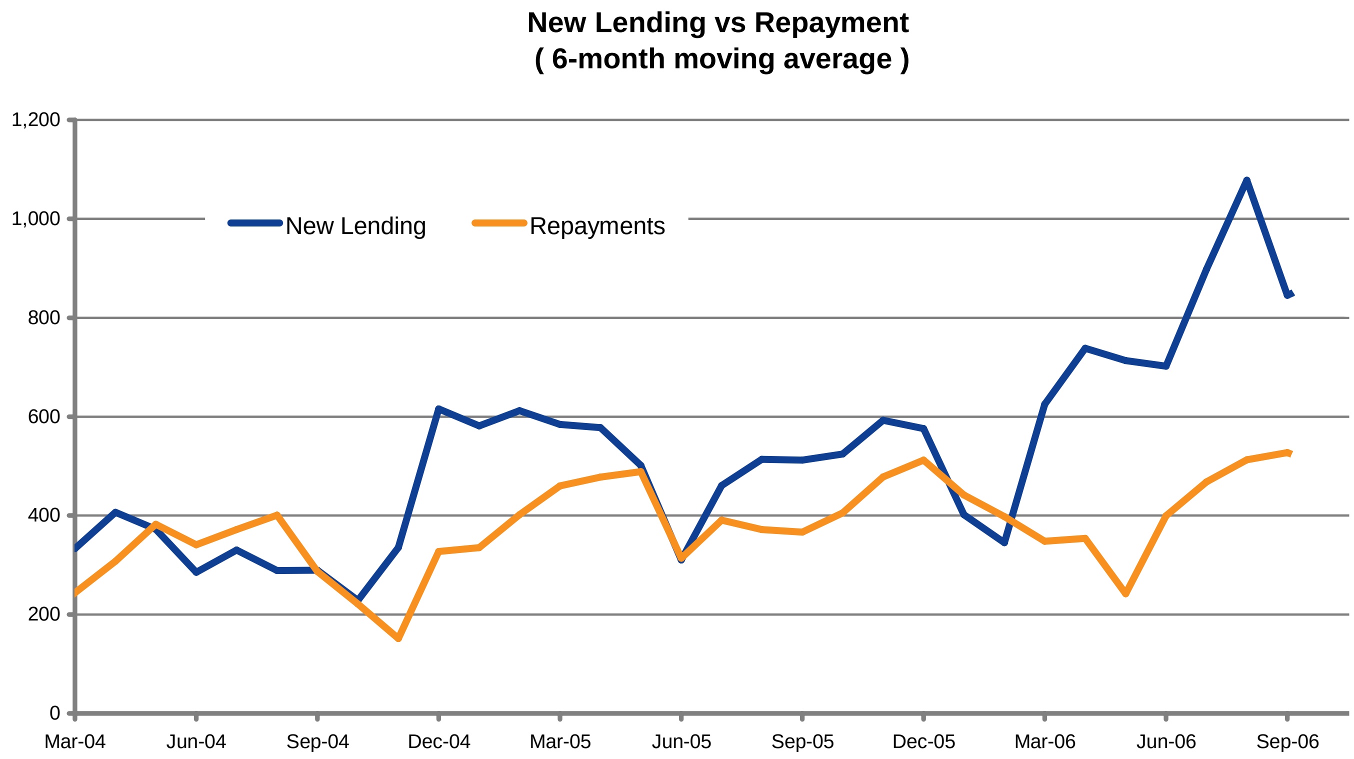
* Including refinanced deals

Investment Activity
Net New Lending

- **New lending growth strong for the period - £736 million arranged or provided in 19 transactions**
- **High levels of repayments (19.6% of opening loan book); and**
- **Reduced levels of refinancings**

ICG's Lending Activity

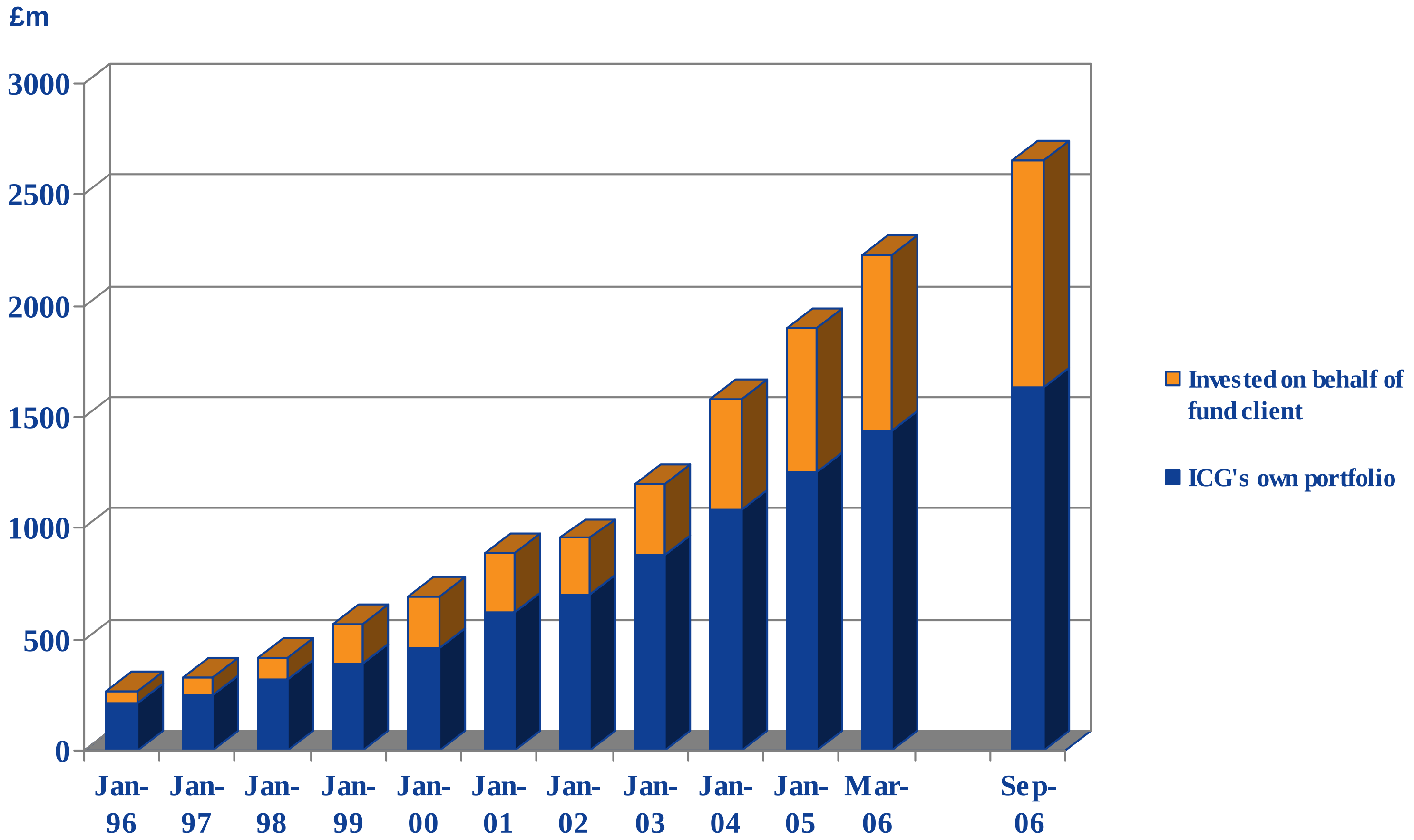
Six Months to 30 September 2006



ICG’s Lending Activity
6 months to 30 September 2006

Investment	Country	DealType	Business	Currency	Arranged Mcurrency
Ist Credit (Existing Borrower)	UK	Acquisition	Debt Collection Services	STG	10.00
BAA	UK	Acquisition	Airport Operator	STG	35.5
Cerba	France	Secondary Buyout	Speciality Laboratory	Euro	39.4
CMG	UK	Refinance	Care Home Operator	STG	30.0
Elior	France	Public to Private	Contract Catering	Euro	16.0
Euroloc	Spain	Buyout	Equipment and Machinery Rental	Euro	51.8
Iberostar	Spain	Buyout	Tour Operator	Euro	110.1
Loyalty Partners	Germany	Buyout	Operator of Loyalty Cards	Euro	23.3
Materis	France	Secondary Buyout	Aluminates, Mortars and Paints	Euro	85.0
Medica	France	Secondary Buyout	Nursing Homes and Elderly Care	Euro	66.3
Mehilainen	Finland	Acquisition	Private Healthcare	Euro	20.0
Minimax	Germany	Buyout	Fire Protection Systems/Services	Euro	55.0
Moniteur	France	Secondary Buyout	Magazine Group	Euro	58.0
Motip Dupli	Netherlands	Secondary Buyout	Manufacture of Aerosol Paints	Euro	38.0
Sebia	France	Secondary Buyout	Clinical Diagnostic Equipment Producer	Euro	90.0
SSP	UK	Buyout	Retail Catering	STG	48.0
Tegel	New Zealand	Buyout	Producer of Chicken and Turkey Products	NZ$	94.5
Viadom	France	Secondary Buyout	Hairdressing	Euro	25.0
Visma	Norway	Public to Private	Business Software and Enterprise Resource Planning Services	NOK	1,125.0

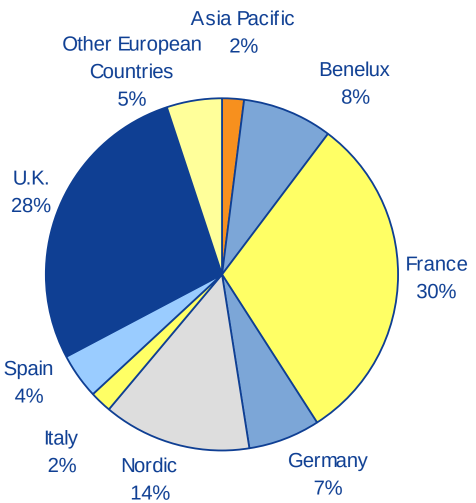
Growth in Mezzanine Portfolio



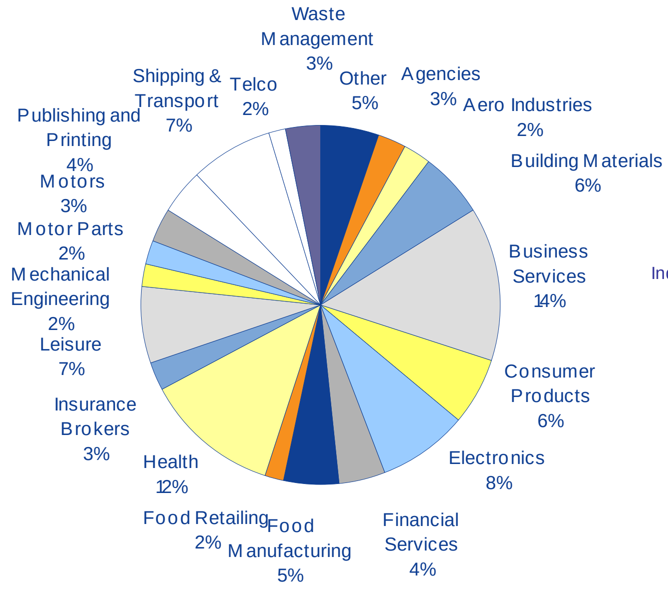
Analysis of Mezzanine Portfolio

At 30 September 2006

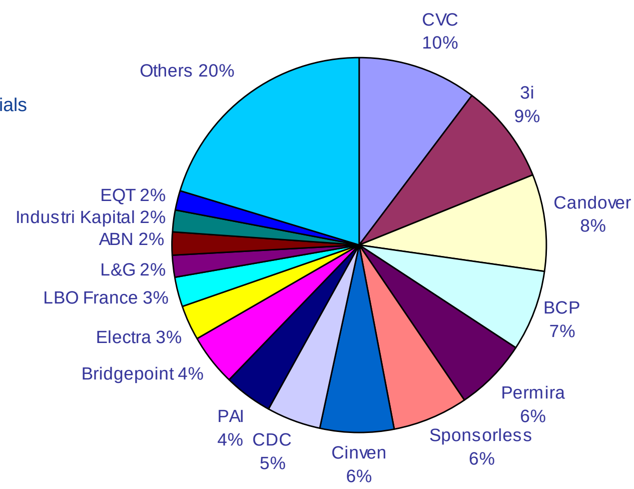
Portfolio by Geography



Portfolio by Sector



Diversification by Equity Sponsor



Fund Management
Mezzanine Fund Management

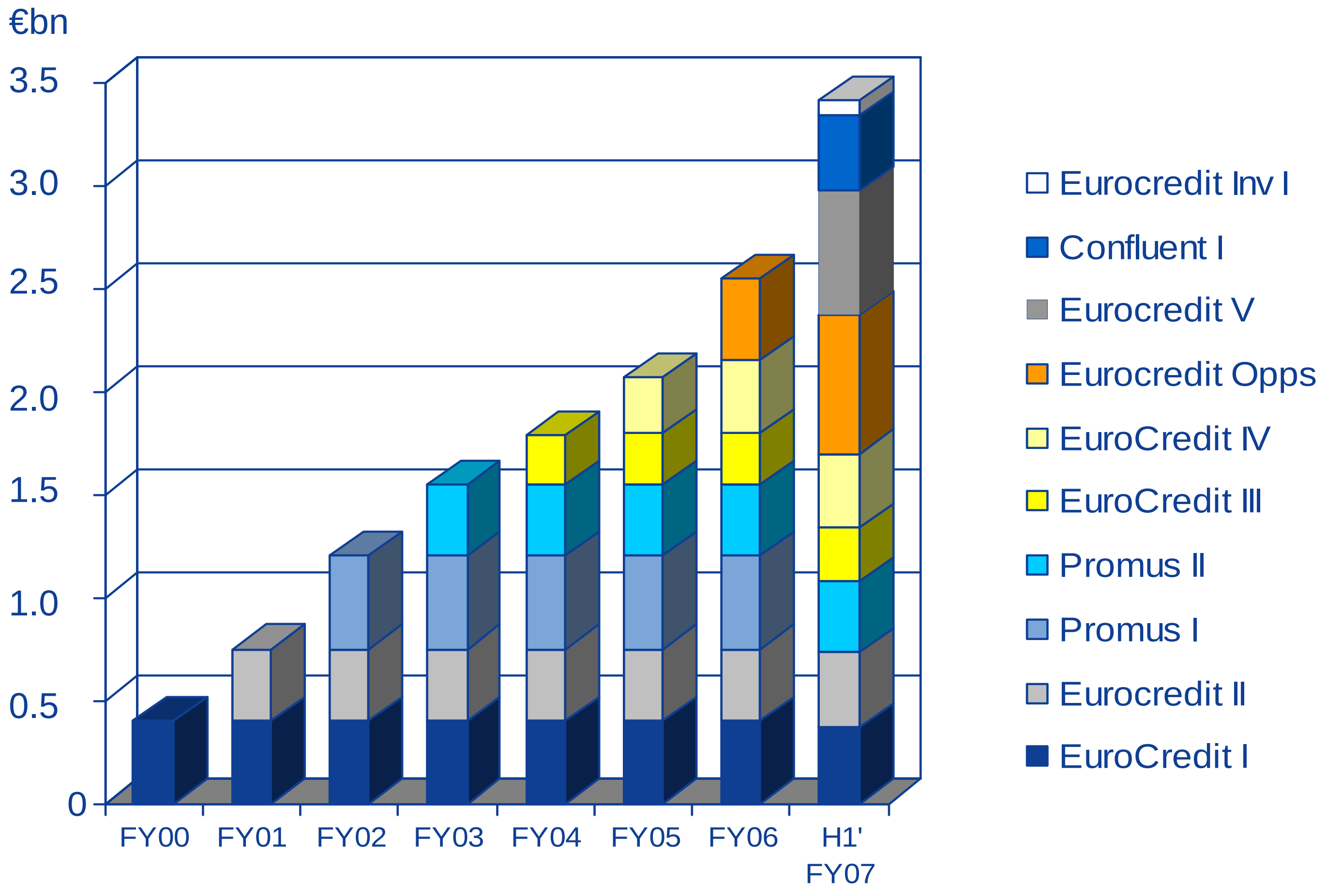
- Mezzanine Funds performing satisfactorily
- Mezzanine Fund 2000 already returned over 100% of investor commitments
- Mezzanine Fund 2003 fully invested
- Mezzanine Fund Management fee income growth at £6.0m versus £4.1m last time

Fund Management
Non-mezzanine Fund Management

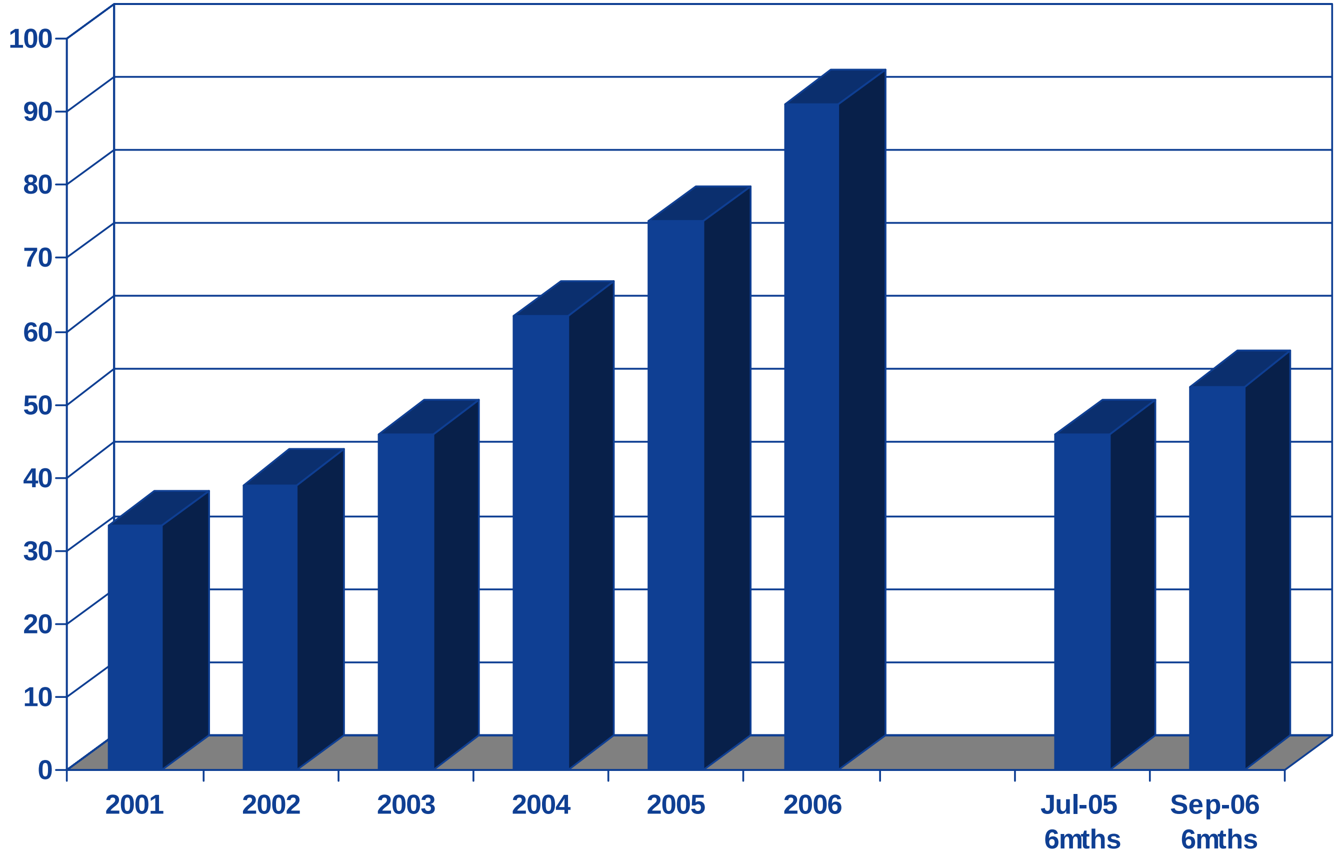
- CDO funds: Performing well
- Fee income of £5.8m up from £4.5m
- Eurocredit Opportunities Fund enlarged to €1.1billion and performing particularly well
- Successful acquisition of further new clients

Fund Management

Non-mezzanine Fund Management



Core Income Growth



Core Income

	Six months ended 30 September 2006 (unaudited) £m	*Six months ended 31 July 2005 (unaudited) £m*	*Increase*
Income			
Interest and dividend income	**86.9**	67.9	28%
Fee and other operating income	**16.5**	11.4	45%
	103.4	79.3	30%
Less: related expenses			
Interest payable and other related financing costs	**(32.5)**	(18.3)	76%
Add back: net losses on derivatives held for hedging purposes	**3.0**	1.8	67%
Administrative & Operating expenses	**(21.4)**	(17.0)	26%
Core Income	**52.5**	45.8	15%
Core Income per share	**49.5p**	42.2p	17%

Financial Results - Unaudited

Net Interest Income

	Six months ended 30 September 2006 £m	*Six months ended 31 July 2005 £m*	Increase
Interest Income	**86.9**	67.9	28%
Interest Expense	**32.5**	18.3	78%
Net Interest Income	**54.4**	49.6	10%

Fee Income

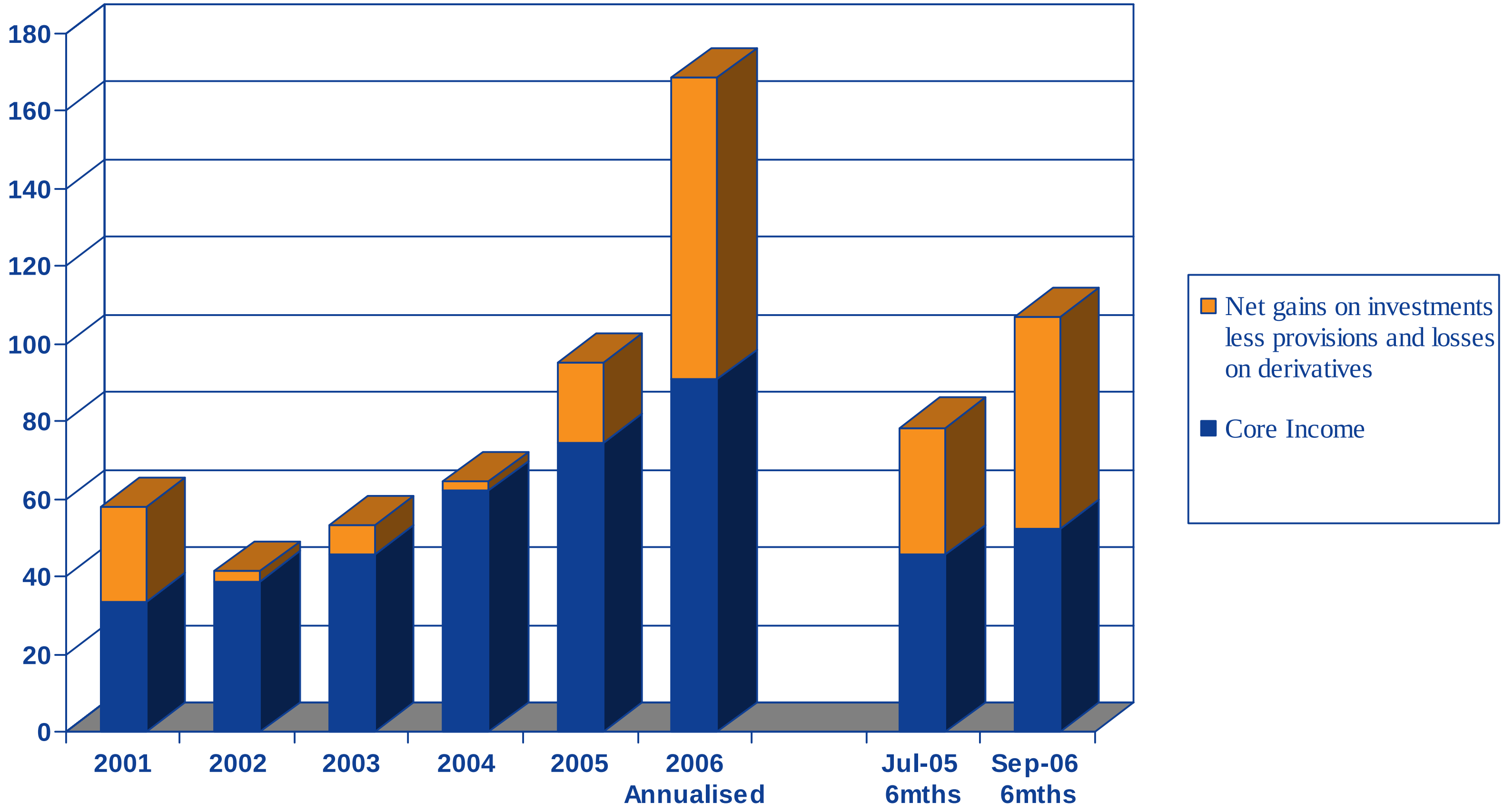
	Six months ended 30 September 2006 £m	*Six months ended 31 July 2005 £m*	*Increase*
Arrangement/underwriting fees	**4.6**	2.8	*64%*
Fund management fees	**11.9**	8.6	38%
	16.5	11.4	45%

Operating Expenses

	Six months ended 30 September 2006 £m	*Six months ended 31 July 2005 £m*	*Increase*
Staff Costs	**9.6**	7.8	23%
Other admin costs	**6.0**	4.4	36%
	15.6	12.2	28%
Medium Term Incentive scheme*	**5.8**	4.8	21%
Operating Expenses	**21.4**	17.0	26%
Expenses as % of core income	**40%**	39%	

** Charge relates to accrual of rolled up interest*

Pre-tax profits



Pre-tax profits

	Six months ended 30 September 2006 (unaudited) £m	*Six months ended 31 July 2005 (unaudited) £m*	*Increase*
Interest and dividend income	**86.9**	67.9	28%
Gains on investments	**93.3**	64.6	44%
Fee and other operating income	**16.5**	11.4	45%
	196.7	143.9	37%
Interest payable and other related financing costs	**(32.5)**	(18.3)	78%
Provisions for impairment of assets	**(17.7)**	(17.5)	1%
Administrative expenses	**(39.6)**	(29.6)	34%
Profit before tax	**106.9**	78.5	36%

Gains on Investments

	Six months ended 30 September 2006 £m	*Six months ended 31 July 2005 £m*	Increase
Realised gains on investments	**84.2**	42.1	
Unrealised gains on investments	**9.1**	22.5	
Cost of medium term incentive scheme	**(18.3)**	(12.6)	
Net capital gains *	**75.0**	52.0	44%

Provisions

	Six months ended 30 September 2006 £m	*Six months ended 31 July 2005 £m*
Gross provisions	**17.7**	17.5
Provisions net of write backs	**16.7**	17.5

This year's provisions relate primarily to two new underperforming loans and a further provision on an existing underperforming loan

Pre-tax Profits, Earnings per share & Dividends

	Six months ended 30 September 2006 £m	*Six months ended 31 July 2005 £m*	Increase
Pre-tax profits	**£106.9m**	£78.5m	36%
Earnings per share	**99.5p**	71.5p	39%
Dividend per share	**16.5p**	14.0p	18%

Balance Sheet

	Six months ended 30 September 2006 £m	*Six months ended 31 March 2006 £m*	*Six months ended 31 July 2005 £m*
Loans and investments	1,649	1,514	1,311
Net current assets/liabilities	(11)	(39)	152
	1,638	1,475	1,463
Shareholders' funds	536	493	435
Borrowings	1,102	982	1,028
	1,638	1,475	1,463
Gearing ratios	199%	199%	236%
Debt facilities	£1,439m	£1,451m	£1,510m

Prospects

- Strong growth in LBO markets leading to strong deal flow in European mid-market and Asia
- Increased liquidity and competition affecting leverage, pricing and repayment levels
- Maintenance of credit discipline essential
- Another healthy period for net interest income, core income and capital gains in prospect
- Portfolio quality maintained but leverage within portfolio rising
- Prospect of further growth in fund management activities in the long term