

First Half Results

For the six months ended 30 September 2017

Embargoed until 7:00am on 14 November 2017



ICG delivers record €5.7bn fundraising

Intermediate Capital Group plc (ICG) announces its first half results for the six months ended 30 September 2017.

Operational highlights

- Total AUM up 14% on 31 March 2017 to €27.2bn, with €5.7bn of new money raised, driven by our Senior Debt Partners strategy raising €4.2bn in the six month period and growing momentum across our European capital markets strategies
- The new money raised earns fees as it is invested, as such there is minimal short term, but greater medium term impact from these funds. Third party fee earning AUM down 1% on 31 March 2017 to €18.5bn due to the impact of FX
- Fundraising pipeline strong with a number of our larger strategies expected to begin raising successor funds in the next 12 months
- Strong fund deployment for our larger strategies. Investment discipline in a competitive market being maintained
- Portfolios continue to perform well

Financial highlights

- Fund Management Company profits up 30% to £44.3m (H1 2017: £34.0m), with third party fee¹ income up 24%
- Investment Company profits are lower at £51.2m (H1 2017: £92.2m), due to lower investment income
- Group profit before tax of £95.5m (H1 2017: £126.2m), Adjusted Group profit before tax¹ was £81.0m (H1 2017: £133.0m)
- Earnings per share of 33.1p (H1 2017: 37.4p); Fund Management Company 15.5p (H1 2017: 10.2p) and Investment Company 17.6p (H1 2017: 27.2p)
- Interim ordinary dividend up 20.0% to 9.0 pence per share

Commenting on the results, Benoit Durteste, CEO, said:

'I am delighted to report another strong set of results for the first half, as well as a record fundraising performance. With AUM at €27.2bn, a healthy fundraising pipeline and strong fund investment for our larger strategies we continue to deliver on our strategic objectives and grow our specialist asset manager franchise.'

'ICG's diversified investor base underpins our ability to scale proven, successful strategies, such as Senior Debt Partners. This fundraising success, now our largest single strategy, makes us one of the few asset managers with the scale, reputation, origination network and track record to take full advantage of the attractive European direct lending market. This serves as a blueprint for growing our existing strategies whilst at the same time continuing to innovate and pioneer new strategies, backed by our balance sheet capital and disciplined investment culture.'

Commenting on the results, Kevin Parry, Chairman, said:

'These results continue to demonstrate our transformation to a specialist asset manager. Fundraising has been excellent as investors have trusted us with their funds due to our sustained strong investment performance.'

Financials

	Unaudited 6 months to 30 September 2017	Unaudited 6 months to 30 September 2016	% change	Audited 12 months to 31 March 2017
Fund Management Company profit before tax ¹	£44.3m	£34.0m	30%	£74.0m
Investment Company profit before tax	£51.2m	£92.2m	(44%)	£178.4m
Adjusted Investment Company profit before tax ¹	£36.7m	£99.0m	(63%)	£163.5m
Adjusted Group profit before tax ¹	£81.0m	£133.0m	(39%)	£237.5m
Group profit before tax	£95.5m	£126.2m	(24%)	£252.4m
Adjusted earnings per share ¹	28.3p	39.8p	(29%)	69.3p
Earnings per share	33.1p	37.4p	(11%)	74.5p
Dividend per share in respect of the period	9.0p	7.5p	20%	27.0p
Gearing ¹	0.92x	1.01x	(9%)	0.95x
Net debt ¹	£945.0m	£965.0m	(2%)	£629.1m
Net asset value per share ¹	£4.20	£3.81	10%	£4.18

¹ These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of fair value movements on derivatives (H1 FY18: £0.3m; H1 FY17: £7.6m; FY17: £1.3m). Internally reported numbers exclude the impact of the consolidation of 12 credit funds following the adoption of IFRS 10. Further details can be found on page 35.

Assets under management¹

	30 September 2017	30 September 2016	31 March 2017
Third party assets under management	€25,320m	€19,848m	€21,817m
Investment portfolio	€1,892m	€2,163m	€2,008m
Total assets under management	€27,212m	€22,011m	€23,825m
Third party fee earning assets under management	€18,515m	€16,537m	€18,742m

The following foreign exchange rates have been used.

	30 September 2017 Average	30 September 2016 Average	31 March 2017 Average	30 September 2017 Period end	30 September 2016 Period end	31 March 2017 Period end
GBP:EUR	1.1351	1.2154	1.1890	1.1344	1.1549	1.1730
GBP:USD	1.3058	1.3608	1.3020	1.3402	1.2972	1.2534

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. The presentation will also be streamed live at 09:30 GMT and be available on demand from 14:00 GMT at <http://www.icgam.com/shareholders/Pages/shareholders.aspx>.

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This Half Year Results statement has been prepared solely to provide additional information to shareholders and meets the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. The Half Year Results statement should not be relied on by any other party or for any other purpose.

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.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or an exemption therefrom. The issuer has not and does not intend to register any securities under the US Securities Act of 1933, as amended, and does not intend to offer any securities to the public in the United States. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in these written materials, will not be accepted.

This Half Year Results statement contains information which prior to this announcement was insider information.

About ICG

ICG is a specialist asset manager with over 28 years' history. We manage €27.2bn of assets in third party funds and proprietary capital, principally in closed end funds. Our strategy is to grow our specialist asset management activities to deliver increased shareholder value. Our goal is to generate income and consistently high returns whilst protecting against investment downside for our fund investors. We seek to achieve this through our expertise in investing across the capital structure. We combine flexible capital solutions, local access and insight with an entrepreneurial approach to give us a competitive edge in our markets. We operate across four asset classes - corporate, capital market, real asset and secondary investments. In addition to growing existing strategies, we are committed to innovation and pioneering new strategies across these asset classes where the market opportunity exists to deliver value to our fund investors and increase shareholder value.

We are listed on the London Stock Exchange (ticker symbol: ICP) and provide investment management and advisory services in support of our strategy and goal through a number of regulated subsidiaries, further details of which are available at: www.icgam.com.

Business review

We have continued to deliver against our strategic objectives of growing our specialist asset manager business. The highlights of the first half of the financial year are:

- Fundraising (inflows): €5.7bn raised in total with €4.2bn raised for our Senior Debt Partners strategy
- Fees: Weighted average fee rate¹ of 0.89%, down from 0.91% due to the shift in mix of investment strategies
- Fund investments: Deployment remains strong for our larger strategies while we maintain investment discipline in a competitive market
- Returns: All funds are on course to meet or exceed their return hurdle rates
- Dividend: Interim dividend of 9.0 pence per share in line with dividend policy and up 20%

Alternative asset market growing strongly

Alternative asset classes continue to be attractive to institutional investors for their enhanced returns and diversification opportunities. The characteristics that have driven the growth in alternative asset classes in recent years remain unchanged. The increasing wealth of developing nations, combined with ageing populations, supports the trend of increasing the absolute size of institutional assets under management. At the same time, bond yields and interest rates remain low thereby impacting the returns of traditional asset classes. We expect the conditions driving the long term attractiveness of alternative asset classes to remain even if Central Banks increase interest rates.

The current fundraising environment is inevitably attracting new entrants into the alternative asset management market. With increased competition, we believe that our established approach and disciplined investment culture is a competitive advantage. By focussing on capital preservation and yield across mid-market transactions in four strategic asset classes we are able to identify market opportunities to develop differentiated strategies. We are of a size and scale that enables resource constrained investors to access our range of strategies through multi strategy mandates tailored to their individual requirements.

Strong fundraising across our strategic asset classes

At €5.7bn of inflows, fundraising activity in the first half of the financial year was, as expected and previously indicated, stronger than in prior periods. As 96% of our assets under management are in closed end funds the pace of fundraising is dependent on when our larger funds come to market. Senior Debt Partners, closed its third vintage, raising €4.2bn in the period through both a co-mingled fund and segregated mandates, is our largest single strategy and one of the largest direct lending funds in Europe.

The increase in size of our Senior Debt Partners strategy, with assets under management up 79% since 31 March 2017, acts as a differentiator in the European direct lending market as it allows us to offer a broader range of finance solutions to mid-market companies. A further reason for our decision to upscale this strategy is that the strategy is permitted to make limited investments in North American mid-market companies, thereby leveraging our European success with our existing US presence to broaden our direct lending strategy. We have achieved all this whilst attracting investors without the need to offer any fee discounts, increasing the average fee rate of the strategy.

Elsewhere, we have made steady progress in converting investor interest into investor commitments for our liquid strategies, raising €0.5bn in the period and increasing the profitability of these scalable strategies. We had further success in closing our Strategic Secondaries fund above target at \$1.1bn, including \$200m from the balance sheet, closing the third vintage of our real estate senior debt strategy and raising a US CLO.

Capital deployment in a competitive investment market

The breadth of our portfolio of strategies means that we operate in a diversified investment market. Across all of our strategies we have continued to see the investment market remain competitive as institutions seek to deploy the increasing amounts of capital raised so as to access the attractive returns available in private markets.

In these competitive markets, the focus of our local teams and sector specialists together with their longstanding relationships and understanding of the markets in which they operate continues to provide deal flow and early access to investment opportunities. The strong investment pace of Europe Fund VI is evidence of this as our longstanding relationships and speed of execution has given us access to attractive deals ahead of competitors.

Strategic Secondaries is also investing ahead of its linear investment pace. As a result we expect both strategies to begin raising successor funds during the next twelve months. Elsewhere, a solid pipeline of investment opportunities means we are confident that each of our direct investment funds will deploy their available capital within their stated investment periods.

Fund returns benefiting from robust portfolio performance

Liquidity in the market continues to provide a healthy environment for realisations. Where possible, our portfolio managers are seeking to capitalise on this liquidity and actively realise assets within their portfolio. This enables them to lock in performance, thereby underpinning future performance fees and providing the foundations for future fundraising success.

The portfolios are performing well, with only a small number of assets underperforming, as reflected in the period end valuation review. We expect the performance of our portfolios and level of realisations to remain robust through the second half of the financial year.

Interim dividend increased and ongoing capital management

The Board recommends an interim dividend of 9.0p, an increase of 20.0% on the prior year interim dividend and in line with the Company's stated policy that the interim dividend will equate to a third of the prior year total dividend. The dividend will be paid on 12 January 2018 to shareholders on the register on 8 December 2017. We will continue to make available the dividend reinvestment plan.

We continue to actively manage our sources of balance sheet financing to ensure we have access to sufficient cash and debt facilities. The weighted average life of drawn debt at 30 September was 4.3 years.

Outlook

We have a healthy pipeline of new strategies and expect a number of our larger existing strategies will begin raising successor funds during the next 12 months. Current year fundraising will, as expected, be weighted to the first half of the financial year. With the second half of the year being more aligned to our long term fundraising target, FY18 will be a record fundraising year. In addition, based on our fundraising pipeline, we expect that FY19 will meet or exceed our long term fundraising target.

We will not compromise our commitment to our disciplined investment culture. We will therefore continue to size our funds to the market opportunity and aim to deploy capital in line with the required investment pace. Where the opportunity arises we will seek to scale proven, successful strategies to further differentiate our offering from other asset managers and, as a result, improve operating leverage. In addition, we continue to look for attractive opportunities to grow and further expand our range of strategies, and will update the market on these at the appropriate time.

The strength of ICG's business model with a disciplined investment culture and focus on closed end funds is that earnings are underpinned by long term, predictable and highly cash generative fee income streams. This, combined with a proven fund investment performance, permits good medium term visibility of fundraising and fees, whilst offering protection against short term macroeconomic uncertainty. This 'locked-in value' will be the subject of further discussion at our capital markets update on 1 February 2018.

¹ These are non IFRS GAAP alternative performance measures. Please see the glossary on page 35 for further information.

Financial information enables management to monitor the performance of the business and inform decision making in support of delivering the Group's strategic objectives. The financial information prepared for, and reviewed by, management and the Board is on a non IFRS basis and therefore differs from the IFRS financial statements on pages 14 to 32.

The Group's profit before tax on an IFRS basis was below last year at £95.5m (H1 2017: £126.2m), due to a lower finance income than in the comparative period.

Income Statement	6 months to 30 September 2017			6 months to 30 September 2016		
	IFRS as reported £m	Adjustments £m	Internally reported adjusted £m	IFRS as reported £m	Adjustments £m	Internally reported adjusted £m
Revenue						
Finance and dividend income	92.3	(28.2)	64.1	125.4	(51.5)	73.9
Gains on investments	120.1	(49.3)	70.8	113.9	11.6	125.5
Fee and other operating revenue	72.7	8.5	81.2	59.6	5.6	65.2
Total revenue	285.1	(69.0)	216.1	298.9	(34.3)	264.6
Finance costs	(80.5)	52.2	(28.3)	(69.1)	44.5	(24.6)
Impairments	(10.0)	-	(10.0)	(13.3)	(10.5)	(23.8)
Staff and incentive scheme costs	(74.8)	(1.1)	(75.9)	(61.1)	(1.0)	(62.1)
Other administrative expenses	(24.3)	3.4	(20.9)	(29.2)	8.1	(21.1)
Profit before tax	95.5	(14.5)	81.0	126.2	6.8	133.0

A full reconciliation between the internally reported financial information and the IFRS consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows is provided in note 3 to the financial statements. The adjustments can be summarised as follows:

Consolidated structured entities

IFRS deems the Group to control funds where it can make significant decisions that can substantially affect the variable returns of investors. There are 12 credit funds and CLOs required to be consolidated under this definition of control. This has the impact of including the assets and liabilities of these funds in the consolidated statement of financial position and to recognise interest income and gains or losses on investments in the consolidated income statement.

The Group is not exposed to the liabilities and cannot access the assets of these entities except for the investment made by the Group into these structured funds. Financial information prepared for internal reporting purposes includes the fair value of the balance sheet investment in the statement of financial position, and includes the management fee and dividend income received from these entities in the income statement. This is consistent with the treatment of the CLOs for regulatory reporting purposes.

Other entities

There are two entities, Nomura ICG KK and Questus Energy Pty Limited where the presentation in the IFRS financial statements is different to the internal reporting. The Group's 50% share of the revenue and costs from Nomura ICG KK are included on a line by line basis in the income statement for internal reporting purposes. These items are collapsed into a single line in the IFRS financial statements to reflect its status as a jointly controlled entity. For Questus Energy Pty Limited, the costs are included on a line by line basis in the income statement for internal reporting purposes whereas in the IFRS financial statements these are collapsed into a single line, administrative expenses, to reflect its status as a non-controlled entity.

Reclassification of income

The Group invests in its European mezzanine, Asia Pacific mezzanine and North American Private Debt strategies either through a fund structure or directly into the underlying assets, depending on the fund. This impacts the presentation of the income statement for investments in debt instruments under IFRS. For those investments made directly the Group generates interest income and is subject to impairment risk, whereas for the investments made through a fund structure the income is recognised as a net gain on investment.

Regardless of the investment mechanics, the performance of the investment is reviewed and managed at an asset level. As such, internal financial information is presented on an asset by asset basis for all European mezzanine, Asia Pacific mezzanine and North American Private Debt strategies. This is presentational only and has no impact on the profit of the Group.

Other

The Group excludes the fair value movement on derivatives from its internally reported numbers until such time as the derivative settles and is matched in the income statement against the item that was hedged.

The Board believes that presenting the financial information in this review on a non GAAP basis assists shareholders in assessing the delivery of the Group's strategy through its financial performance, consistent with the approach taken by management and the Board.

Non GAAP measures are denoted by ¹ throughout this review. The definition, and where appropriate, reconciliation to a GAAP measure, is included in the glossary on page 35.

Overview

The Group's internally reported unadjusted profit before tax¹ for the period was 36% lower at £80.7m (H1 2017: £125.4m), with Fund Management Company (FMC) profit of £44.3m (H1 2017: 34.0m) and Investment Company (IC) profit of £36.4m (H1 2017: £91.4m). We continue to make operational progress in developing our fund management business, with the investment of money raised for new and existing strategies contributing to the growth in FMC profit. IC profits have, as expected, normalised after the first half of the prior year included the one off recycling of £48.4m of realised capital gains from reserves. Excluding this one off recycling, IC profit was broadly in line with the prior period.

	6 months to 30 September 2017			6 months to 30 September 2016		
	Internally reported unadjusted £m	Fair value charge on derivatives £m	Internally reported adjusted £m	Internally reported unadjusted £m	Fair value charge on derivatives £m	Internally reported adjusted £m
Income Statement						
Fund Management Company	44.3	-	44.3	34.0	-	34.0
Investment Company	36.4	0.3	36.7	91.4	7.6	99.0
Profit before tax	80.7	0.3	81.0	125.4	7.6	133.0
Tax	(1.2)	-	(1.2)	(16.6)	-	(16.6)
Profit after tax	79.5	0.3	79.8	108.8	7.6	116.4

The internally reported adjusted profit of the IC and Group in the above table excludes the impact of the fair value charge on hedging derivatives of £0.3m (H1 2017: £7.6m). Throughout this review all numbers are presented excluding this adjusting item, unless otherwise stated. The effective tax rate for the period is 1% (H1 2017: 12%). The tax rate is lower than the standard corporation tax rate of 20%, as detailed in note 6 to the financial statements.

Based on the adjusted profit above, the Group generated an ROE¹ of 14.0% (H1 2017: 20.8%) and adjusted earnings per share¹ for the period of 28.3p (H1 2017: 39.8p).

Net current assets¹ of £564.8m are down from £594.1m at 31 March 2017.

Fund Management Company

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 management¹. New AUM (inflows) is our best lead indicator to sustainable future fee streams and therefore increasing sustainable profits.

In the six month period to 30 September 2017, the net impact of fundraising and realisations saw third party AUM increased 16% to €25.3bn. AUM by strategic asset class is detailed below, where all figures are quoted in €m.

Third party AUM by strategic asset class	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party AUM €m
At 1 April 2017	10,805	6,171	3,290	1,551	21,817
Additions	4,245	964	416	74	5,699
Realisations	(928)	(307)	(215)	-	(1,450)
FX and other	(283)	(270)	(98)	(95)	(746)
At 30 September 2017	13,839	6,558	3,393	1,530	25,320
Change %	28%	6%	3%	(1%)	16%

Corporate Investments

Corporate Investments third party funds under management have increased 28% to €13.8bn in the period as new AUM of €4.2m more than outstripped the run off of our older funds. As previously noted, fundraising in the period related to our Senior Debt Partners strategy.

Capital Market Investments

Capital Markets third party funds under management have increased 6% to €6.6bn, with new third party AUM of €964m raised in the period, including €505m for our liquid European loan strategies. In addition, we closed one US CLO raising a total €426m, including €26m committed from the balance sheet. We expect to raise further money for our liquid and CLO strategies during the current financial year thereby further increasing the operating leverage of this strategy.

Real Asset Investments

Real Assets third party funds under management have increased 3% to €3.4bn, with new AUM of €416m (£370m) raised in the period for our UK real estate senior debt programme. The additional money raised in the current year has resulted in a total of £1.2bn raised for this scalable strategy.

Secondary Investments

Secondaries third party funds under management have decreased 1% to €1.5bn, with new AUM of €74m (\$85m) raised in the period for our Strategic Secondaries strategy offsetting the negative impact of FX. The new AUM in the period resulted in a final close for our Strategic Secondaries Fund at \$1.1bn, including a \$200m commitment from the balance sheet, in excess of its target size of \$1bn.

Fee earning AUM

The investment rate for our Senior Debt Partners strategy, our Real Estate funds and our North American Private Debt Fund has a direct impact on FMC income as fees are charged on an invested capital basis. The total amount of third party capital deployed on behalf of the direct investment funds was £1.7bn in the period compared to £1.3bn in the first half of the last financial year. The direct investment funds are investing as follows, based on third party funds raised at 30 September 2017:

Strategic asset class	Fund	% invested at 30 September 2017	% invested at 31 March 2017	Assets in fund at 30 September 2017	Deals completed in period
Corporate Investments	ICG Europe Fund VI	65%	40%	12	4
Corporate Investments	North American Private Debt Fund	72%	64%	14	2
Corporate Investments	Senior Debt Partners II	87%	64%	28	5
Corporate Investments	Asia Pacific Fund III	44%	44%	4	0
Real Asset Investments	ICG Longbow Real Estate Fund IV	87%	71%	26	3
Secondary Investments	Strategic Secondaries	50%	21%	6	3

Fee earning AUM has decreased 1% to €18.5bn since 1 April 2017 as the investment pace of our direct investment funds has been offset by realisations and the adverse movement on FX as detailed below:

	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party Fee Earning AUM €m
Third party fee earning AUM					
At 1 April 2017	8,516	6,171	2,667	1,388	18,742
Additions	661	634	398	74	1,767
Realisations	(763)	(261)	(376)	-	(1,400)
FX and other	(142)	(277)	(79)	(96)	(594)
At 30 September 2017	8,272	6,267	2,610	1,366	18,515

Fee income

Third party fee income¹ of £77.8m was 24% higher than the prior year driven by the investment of those funds that charge fees on invested capital, fees from our recently raised Strategic Secondaries Fund and the CLO issuance programme. Details of movements are shown below:

	6 months to 30 September 2017 £m	6 months to 30 September 2016 £m	Change %
Fee income			
Corporate Investments	45.9	36.0	28%
Capital Market Investments	14.6	11.3	29%
Real Asset Investments	7.7	10.5	(27%)
Secondary Investments	9.6	5.1	88%
Total third party funds	77.8	62.9	24%
IC management fee	8.3	9.2	(10%)
Total	86.1	72.1	19%

Third party fees include £6.3m of net performance fees (H1 2017: £4.4m), primarily related to Corporate Investments. Performance fees are an integral recurring part of the fee income profile and profitability stream of the Group.

Third party fees are 81% denominated in Euros or US Dollars. The Group's policy is to hedge non Sterling fee income, to the extent that it is not matched by costs and is predictable. As such, the full impact of the devaluation of Sterling in June 2016 has been felt across both the current and prior financial years as the hedges in place at the time have rolled off. Total fee income included a £3.7m FX benefit in the period.

The weighted average fee rate, excluding performance fees, across our fee earning AUM is 0.89% (H1 2017: 0.88%).

Dividend income

Dividend receipts¹ of £12.3m (H1 2017: £11.6m) reflects the increased number and improved performance of our US CLOs.

Operating expenses

Operating expenses of the FMC were £54.1m (H1 2017: £49.5m), including salaries and incentive scheme costs.

Salaries were £20.7m (H1 2017: £19.1m) as average headcount increased 6% from 236 to 249. This increase is directly related to investing in our capital markets and senior debt strategies. Other administrative costs have decreased to £15.6m (H1 2017: £15.9m) as the amortisation cost of historic placement fees reduces.

The FMC operating margin¹ was 45.0% up from 40.7% in the prior year, as a result of average fee earning AUM increasing 13% to €18.3bn for the six months ending 30 September 2017 thereby increasing the operating leverage of our existing strategies.

Investment Company

Balance sheet investments

The balance sheet investment portfolio¹ decreased 2% in the period to £1,668m at 30 September 2017, as illustrated in the investment portfolio bridge below:

	£m
At 1 April 2017	1,711.6
New and follow on investments	261.9
Accrued interest income	44.0
Realisations	(362.8)
Cash interest received	(19.9)
Asset impairments	(10.0)
Fair value gains	65.6
FX and other	(22.4)
At 30 September 2017	1,668.0

Realisations comprise the return of £189.5m of principal, the crystallisation of £24.0m of rolled up interest and £149.3m of realised capital gains.

In the period £133.5m was invested alongside our corporate investment strategies for new and follow on investments. Of the remaining £128.4m, £76.6m was invested in our capital market strategies and £48.7m in our Strategic Secondaries strategy.

The Sterling value of the portfolio decreased by £19.7m due to FX movements. The portfolio is 40% Euro denominated, 34% US dollar denominated and 18% Sterling denominated. The Group minimises the FX impact of non-Sterling assets through asset/liability management and derivative transactions.

The balance sheet investment portfolio is weighted towards the higher returning asset classes as detailed below:

	Return profile	As at 30 September 2017 £m	% of total	As at 31 March 2017 £m	% of total
Corporate Investments	15-20%	1,081	65%	1,120	66%
Capital Market Investments	5-10%	352	21%	333	19%
Real Asset Investments	c10%	85	5%	107	6%
Secondary Investments	15-20%	150	9%	152	9%
Total balance sheet portfolio		1,668	100%	1,712	100%

In addition, £294.3m (31 March 2017: £89.7m) of current assets are held on the balance sheet with the intention of being transferred to third party investors or funds. The flexibility of our balance sheet enables our investment teams to continue to source attractive deals whilst a fund is being raised and where a deal exceeds a fund strategy's capacity to offer third party investors co-investment opportunities. At 30 September 2017, 57% of these assets were in respect of European mezzanine transactions completed late in the period and held for syndication to third party investors.

Investment returns

Investment returns¹ of £116.0m (H1 2017: £166.3m) represents the total return generated from the balance sheet portfolio in the period, analysed as follows:

	6 months to 30 September 2017 £m	6 months to 30 September 2016 £m	Change %
Investment returns			
Interest income	51.8	60.0	(14%)
Dividend and other income	3.4	4.6	(26%)
Capital gains	70.8	125.5	(44%)
Investment income	126.0	190.1	(34%)
Asset impairments	(10.0)	(23.8)	(58%)
Total investment returns	116.0	166.3	(30%)

Interest income¹ was below the prior period as the mix of the average interest bearing loan book was weighted towards lower risk and lower return assets and a £4.0m reduction in interest from current assets. Cash interest income has increased to 37% (H1 2017: 35%) of the total.

Capital gains¹ were, as expected, lower than the first half of the prior financial year when the income statement benefited from the recycling of £48.4m of capital gains from reserves on realisation of the underlying assets. Excluding this one off item, capital gains were £6.3m lower than the prior year as the valuation of the portfolio benefited from the continued strength of global stock markets and the improved performance of a number of portfolio companies.

Net realised capital gains¹ in the period were £93.3m (H1 2017: £161.2m), of which £91.2m (H1 2017: £106.5m) had previously been recognised as unrealised gains in the P&L with the remaining £2.1m (H1 2017: £54.7m) recognised in the current period. Fair valuing the equity and warrants gave rise to a further £65.2m (H1 2017: £65.5m) of unrealised gains in the current period. Of this, £68.7m (H1 2017: £70.8m) is recognised in the income statement and a £3.5m unrealised loss in reserves (H1 2017: £5.3m).

During the period we took asset specific impairments against our weaker assets of £12.3m compared to £23.8m in the first half of the last financial year. With write backs of £2.3m (H1 2017: £nil), net asset impairments¹ were £10.0m (H1 2017: £23.8m). Subject to the impact of the macro economy on the portfolio, current performance would indicate that net impairments for the full year will be below our long term average of 2.5% of the opening Investment Company portfolio.

Interest expense

Interest expense¹ of £28.3m was £3.9m higher than the prior period (H1 2017: £24.4m), due to the increase in private placement debt and the FX impact of interest paid on non-Sterling borrowings.

Operating expenses

Operating expenses¹ of the IC amounted to £42.7m (H1 2017: £33.7m), of which incentive scheme costs of £31.5m (H1 2017: £22.9m) were the largest component. The £8.6m increase is due to higher bonus accruals as a direct result of the level of realisations in the period. Other staff and administrative costs were £11.2m compared to £10.8m in the first half of last year, a £0.4m increase.

Group cash flow and debt

The balance sheet remains strong, with £627.0m of available cash and debt facilities at 30 September 2017. The movement in the Group's unutilised cash and debt facilities during the period is detailed as follows:

	£m
Headroom bridge	
At 1 April 2017	970.8
Movement in cash	(345.2)
Movement in drawn debt	29.2
FX and other	(27.8)
At 30 September 2017	627.0

Total drawn debt at 30 September 2017 was £1,090m compared to £1,119m at 31 March 2017, with unencumbered cash of £145m compared to £490m at 31 March 2017.

Cashflow

Operating cash outflow for the period of £250.0m (H1 2017: £272.7m inflow) due to the strong investment pace and increase in assets held for syndication.

Operating cash flow statement	6 months to 30 September 2017 £m	6 months to 30 September 2016 £m
Cash in from realisations	227.5	302.9
Cash in from dividends	13.0	39.2
Cash in from fees	70.2	70.1
Cash in from cash interest	35.0	25.7
Cash movement in current assets held in warehouse for syndication	-	99.6
Total cash receipts	345.7	537.5
Cash interest paid	(26.6)	(20.8)
Cash paid to purchase loans and investments	(261.9)	(178.2)
Cash movement in current assets held in warehouse for syndication	(204.9)	-
Operating expenses paid	(102.3)	(65.8)
Total cash paid	(595.7)	(264.8)
Total cash (utilised in)/generated from operating activities	(250.0)	272.7

Capital position

Shareholders' funds increased by £15.7m to £1,188.3m (31 March 2017: £1,172.6m), as the retained profits in the period were offset by the payment of the ordinary dividend. Total debt to shareholders' funds (gearing) as at 30 September 2017 decreased to 0.92x from 0.95x at 31 March 2017.

Responsibility Statement

We confirm to the best of our knowledge:

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

This responsibility statement was approved by the Board of Directors on 13 November 2017 and is signed on its behalf by:

Benoit Durteste
CEO

Philip Keller
CFOO

Consolidated Income Statement

For the six months ended 30 September 2017

	Six months ended 30 September 2017 (Unaudited) £m	Six months ended 30 September 2016 (Unaudited) £m
Finance and dividend income	92.3	125.4
Gains on investments	120.1	113.9
Fee and other operating income	72.7	59.6
Total revenue	285.1	298.9
Finance costs	(80.5)	(69.1)
Impairments	(10.0)	(13.3)
Administrative expenses	(99.3)	(90.4)
Share of results of joint ventures accounted for using equity method	0.2	0.1
Profit before tax	95.5	126.2
Tax charge	(2.2)	(16.6)
Profit for the period	93.3	109.6
Attributable to:		
Equity holders of the parent	93.3	109.3
Non controlling interests	-	0.3
	93.3	109.6
Earnings per share	33.1p	37.4p
Diluted earnings per share	33.1p	37.4p

All activities represent continuing operations.

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2017

	Six months ended 30 September 2017 (Unaudited) £m	Six months ended 30 September 2016 (Unaudited) £m
Profit for the period	93.3	109.6
Available for sale financial assets:		
Losses arising in the period which may be reclassified to profit or loss in future periods	(2.6)	(2.9)
Reclassification adjustment for net gains recycled to profit	(0.7)	(45.5)
Exchange differences on translation of foreign operations	(9.6)	18.2
	(12.9)	(30.2)
Tax credit on items taken directly to or transferred from equity	0.4	8.9
Other comprehensive expense for the period	(12.5)	(21.3)
Total comprehensive income for the period	80.8	88.3

Consolidated Statement of Financial Position

As at 30 September 2017	30 September 2017 (Unaudited) £m	31 March 2017 (Audited) £m
Non current assets		
Intangible assets	19.3	20.7
Property, plant and equipment	9.8	9.2
Financial assets: loans, investments and warrants	4,683.3	4,886.7
Derivative financial assets	4.5	6.4
Deferred tax asset	0.4	0.3
	4,717.3	4,923.3
Current assets		
Trade and other receivables	480.0	208.3
Financial assets: loans and investments	294.3	89.7
Derivative financial assets	81.1	40.3
Current tax debtor	41.6	33.7
Cash and cash equivalents	392.5	780.9
	1,289.5	1,152.9
Total assets	6,006.8	6,076.2
Equity and reserves		
Called up share capital	77.1	77.1
Share premium account	179.0	179.0
Capital redemption reserve	5.0	5.0
Own shares reserve	(72.4)	(82.2)
Other reserves	55.8	66.5
Retained earnings	943.8	927.2
Equity attributable to owners of the Company	1,188.3	1,172.6
Non controlling interest	0.7	0.7
Total equity	1,189.0	1,173.3
Non current liabilities		
Provisions	1.1	1.3
Financial liabilities	4,058.3	4,304.9
Derivative financial liabilities	64.4	33.6
Deferred tax liabilities	76.9	77.0
	4,200.7	4,416.8
Current liabilities		
Provisions	0.9	0.7
Trade and other payables	509.0	464.8
Financial liabilities	85.6	-
Current tax creditor	19.5	14.0
Derivative financial liabilities	2.1	6.6
	617.1	486.1
Total liabilities	4,817.8	4,902.9
Total equity and liabilities	6,006.8	6,076.2

Consolidated Statement of Cash Flows

For the six months ended 30 September 2017	Six months ended 30 September 2017 (Unaudited) £m	Six months ended 30 September 2016 (Unaudited) £m
Operating activities		
Interest received	92.6	82.5
Fees received	62.9	68.4
Dividends received	94.4	32.5
Interest paid	(69.6)	(60.2)
Payments to suppliers and employees	(103.8)	(78.9)
Net (purchase)/proceeds from sale of current financial assets	(204.9)	99.6
Purchase of loans and investments	(1,634.9)	(1,128.5)
Recoveries on previously impaired assets	2.3	-
Proceeds from sale of loans and investments	1,481.9	828.4
Cash used in operations	(279.1)	(156.2)
Taxes paid	(3.6)	(4.9)
Net cash used in operating activities	(282.7)	(161.1)
Investing activities		
Purchase of property, plant and equipment	(1.9)	(1.4)
Purchase of remaining 49% of Longbow Real Estate Capital LLP	-	(41.7)
Net cash used in investing activities	(1.9)	(43.1)
Financing activities		
Dividends paid	(55.2)	(249.9)
Increase in long term borrowings	43.6	1,032.9
Repayment of long term borrowings	(43.9)	(48.3)
Net cash outflow from derivative contracts	(26.4)	(114.8)
Purchase of own shares	(21.0)	(23.6)
Proceeds on issue of shares	-	0.6
Net cash (used in)/generated from financing activities	(102.9)	596.9
Net (decrease)/increase in cash	(387.5)	392.7
Cash and cash equivalents at beginning of period	780.9	182.5
Effect of foreign exchange rate changes	(0.9)	21.1
Net cash and cash equivalents at end of period	392.5	596.3
Presented on the statement of financial position as:		
Cash and cash equivalents	392.5	596.3

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

(Unaudited)	Share capital £m	Share premium £m	Capital redemption reserve £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 1 April 2017	77.1	179.0	5.0	53.8	12.7	(82.2)	927.2	1,172.6	0.7	1,173.3
Profit for the period	-	-	-	-	-	-	93.3	93.3	-	93.3
Available for sale financial assets	-	-	-	-	(3.3)	-	-	(3.3)	-	(3.3)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(9.6)	(9.6)	-	(9.6)
Tax on items taken directly to or transferred from equity	-	-	-	-	0.4	-	-	0.4	-	0.4
Total comprehensive income for the period	-	-	-	-	(2.9)	-	83.7	80.8	-	80.8
Own shares acquired in the period	-	-	-	-	-	(21.0)	-	(21.0)	-	(21.0)
Options/awards exercised	-	-	-	(18.9)	-	30.8	(11.9)	-	-	-
Credit for equity settled share schemes	-	-	-	11.1	-	-	-	11.1	-	11.1
Dividends paid	-	-	-	-	-	-	(55.2)	(55.2)	-	(55.2)
Balance at 30 September 2017	77.1	179.0	5.0	46.0	9.8	(72.4)	943.8	1,188.3	0.7	1,189.0

For the six months ended 30 September 2016

(Unaudited)	Share capital £m	Share premium £m	Capital redemption reserve £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 1 April 2016	77.0	177.6	5.0	43.6	51.9	(77.0)	963.1	1,241.2	0.9	1,242.1
Profit for the period	-	-	-	-	-	-	109.3	109.3	0.3	109.6
Available for sale financial assets	-	-	-	-	(48.4)	-	-	(48.4)	-	(48.4)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	18.2	18.2	-	18.2
Tax on items taken directly to or transferred from equity	-	-	-	-	8.9	-	-	8.9	-	8.9
Total comprehensive income for the period	-	-	-	-	(39.5)	-	127.5	88.0	0.3	88.3
Movement in control of subsidiary	-	-	-	-	-	-	0.4	0.4	(0.4)	-
Own shares acquired in the period	-	-	-	-	-	(23.6)	-	(23.6)	-	(23.6)
Options/awards exercised	-	0.6	-	(12.1)	-	18.5	(6.4)	0.6	-	0.6
Credit for equity settled share schemes	-	-	-	11.8	-	-	-	11.8	-	11.8
Dividends paid	-	-	-	-	-	-	(249.9)	(249.9)	-	(249.9)
Balance at 30 September 2016	77.0	178.2	5.0	43.3	12.4	(82.1)	834.7	1,068.5	0.8	1,069.3

Notes to the Half Year Report

For the six months ended 30 September 2017

1. Basis of preparation

(i) Basis of preparation

The condensed set of financial statements included in this half year 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 2017.

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 2017 are not the Group's statutory accounts for the financial year. As defined in section 434 of the Companies Act 2006 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 2017 which were prepared under International Financial Reporting Standards as adopted by the EU are available on the Group's website, www.icgam.com.

ii) 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 £627.0m of cash and unutilised debt facilities, no significant bank facilities maturing within the next 18 months, and after reviewing the Group's latest forecasts for a period of 18 months from the period end.

(iii) Related party transactions

There have been no material changes to the nature or size of related party transactions since 31 March 2017.

Notes to the Half Year Report continued

For the six months ended 30 September 2017

2. Financial risk management

Financial assets – non current	Six months ended 30 September 2017 (Unaudited) £m	Year ended 31 March 2017 (Unaudited) £m
Loans and receivables held at amortised cost	143.1	218.0
AFS financial assets held at fair value	80.7	86.1
Financial assets designated as FVTPL	3,654.6	3,768.4
Associates designated as FVTPL	793.9	802.7
Investments in equity accounted joint ventures	1.7	1.3
Derivative financial instruments held at fair value – warrants	9.3	10.2
	4,683.3	4,886.7
Other derivative financial instruments held at fair value	4.5	6.4
	4,687.8	4,893.1

Included within associates designated as FVTPL is £775.0m (31 March 2017: £653.4m) relating to the Group's 20% investment in ICG Europe Fund V Limited, ICG North America Private Debt Fund and ICG Asia Pacific Fund III, and 16.67% investment in ICG Europe Fund VI Limited.

Included within financial assets designated as FVTPL is £3,274.0m (31 March 2017: £3,403.2m) relating to the structured entities controlled by the Group.

Fair value measurements recognised in the statement of financial position

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

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.

Notes to the Half Year Report continued

For the six months ended 30 September 2017

2. Financial risk management continued

Fair value measurements recognised in the statement of financial position continued

	Fair value as at 30 September	Fair value as at 31 March	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets 2017						
/ Financial liabilities	(Unaudited)	(Audited)				
	£m	£m				
Listed portfolio investments (including £3.5m within structured entities controlled by the Group)	-	4.3	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
Listed credit fund investments	33.4	50.2	1	Quoted bid prices in an active market	n/a	n/a
Level 1 assets	33.4	54.5				
Listed portfolio investments	35.5	38.0	2	Internally modelled valuation based on combination of market prices and observable inputs	n/a	n/a
Level 2 assets within structured entities controlled by the Group	3,266.6	3,337.2	2	The fair value has been determined using independent broker quotes based on observable inputs	n/a	n/a
Current and non current derivative assets	85.6	46.7	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
Level 2 assets	3,387.7	3,421.9				
Level 3 investments	105.2	204.1	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 10% - 40% and exceptionally as high as 62%. A premium has been applied to seven assets in the range of 1% - 96%. The earnings multiple is generally in the range of 8 - 15 and exceptionally as high as 17 and as low as 4	The higher the adjusted multiple, the higher the valuation

Notes to the Half Year Report continued

for the six months ended 30 September 2017

2. Financial risk management continued

Fair value measurements recognised in the statement of financial position continued

	Fair value as at 30 September	Fair value as at 31 March 2017	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets 2017 / Financial liabilities	(Unaudited) £m	(Audited) £m				
Illiquid debt investments within structured entities controlled by the Group	7.4	62.5	3	Where there are no recent transactions, fair value may be determined from the last market price adjusted for all changes in risks and information since that date. Where a close proxy instrument is quoted in an active market, then fair value is determined by adjusting the proxy value for differences in the risk profile of the instruments	A premium/discount is applied taking into account market comparisons, seniority of debt, credit rating, current debt, interest coupon, maturity of the loan and jurisdiction of the loan	The higher the premium, the higher the valuation. The higher the discount, the lower the valuation
Investments in unlisted funds	1,025.0	916.2	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 of the funds and consider them to be in line with those of the Group	The NAV of the underlying fund, typically calculated under IFRS	The higher the NAV, the higher the fair value
Investments in unlisted CLOs	65.4	54.9	3	Discounted cash flow at a discount rate of 11%. The following assumptions are applied to each investment's cashflows: 3% annual default rate, 20% annual prepayment rate, 70% recovery rate	Discounted cash flows	The higher the cash flows the higher the fair value. The higher the discount, the lower the fair value
Level 3 assets	1,203.0	1,237.7				
Level 2 liabilities within structured entities controlled by the Group	(3,050.0)	(3,183.4)	2	The fair value of debt securities issued at FVTPL is dependent upon the fair value of investment securities and derivative financial instruments. Any changes in the valuation have a direct impact to the fair value of debt securities issued	n/a	n/a

Notes to the Half Year Report continued

for the six months ended 30 September 2017

2. Financial risk management continued

Fair value measurements recognised in the statement of financial position continued

	Fair value as at 30 September 2017 (Unaudited) £m	Fair value as at 31 March 2017 (Audited) £m	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets / Financial liabilities	(66.5)	(40.2)	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
Level 2 liabilities	(3,116.5)	(3,223.6)				

During the period £48.7m of assets have been transferred from Level 3 to Level 2 following a reassessment of valuation techniques.

As at 30 September 2017

(Unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets held at fair value				
Designated as FVTPL	33.4	3,266.6	1,148.5	4,448.5
Derivative financial instruments - warrants	-	-	9.3	9.3
AFS financial assets held at fair value	-	35.5	45.2	80.7
Other derivative financial instruments	-	85.6	-	85.6
	33.4	3,387.7	1,203.0	4,624.1
Financial liabilities at FVTPL				
- Structured entities controlled by the Group	-	(3,050.0)	-	(3,050.0)
Other derivative financial instruments	-	(66.5)	-	(66.5)
	-	(3,116.5)	-	(3,116.5)

Notes to the Half Year Report continued

for the six months ended 30 September 2017

2. Financial risk management continued

Fair value measurements recognised in the statement of financial position continued

As at 31 March 2017

(Audited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets held at fair value				
Designated as FVTPL	54.5	3,337.2	1,179.4	4,571.1
Derivative financial instruments - warrants	-	-	10.2	10.2
AFS financial assets held at fair value	-	38.0	48.1	86.1
Other derivative financial instruments	-	46.7	-	46.7
	54.5	3,421.9	1,237.7	4,714.1
Financial liabilities at FVTPL				
- Structured entities controlled by the Group	-	3,183.4	-	3,183.4
Other derivative financial instruments	-	40.2	-	40.2
	-	3,223.6	-	3,223.6

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 2017.

The capital structure comprises debts, which includes the borrowings disclosed in note 24 of audited Group Financial Statements for the year ended 31 March 2017, 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 3 disclosures are available on the Company's website www.icgam.com.

Credit Risk

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

The Directors believe that credit risk as a result of the concentration of significant counterparties is low as there is no individual counterparty comprising more than 10% of the Group's total exposure. The Group's largest individual exposure as at 30 September 2017 was £111.8m to Minimax (31 March 2017: £114.5m to Diamond Castle Partners 2014 LP, a portfolio of investments).

Notes to the Half Year Report continued

For the six months ended 30 September 2017

3. Business segments

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

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 Executive Directors is allocated equally to the FMC and the IC.

Six months ended 30 September 2017 (Unaudited)	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Total internally reported £m
External fee income	45.9	14.6	7.7	9.6	77.8	-	77.8
Inter-segmental fee	5.5	1.4	0.7	0.7	8.3	(8.3)	-
Fund management fee income	51.4	16.0	8.4	10.3	86.1	(8.3)	77.8
Other operating income					-	3.4	3.4
Gains on investments					-	70.8	70.8
Interest income					-	51.8	51.8
Dividend income					12.3	-	12.3
Total revenue					98.4	117.7	216.1
Interest expense					-	(28.3)	(28.3)
Net fair value loss on derivatives					-	(0.3)	(0.3)
Impairment					-	(10.0)	(10.0)
Staff costs					(20.7)	(5.9)	(26.6)
Incentive scheme costs					(17.8)	(31.5)	(49.3)
Other administrative expenses					(15.6)	(5.3)	(20.9)
Profit before tax					44.3	36.4	80.7

Notes to the Half Year Report continued

For the six months ended 30 September 2017

3. Business segments continued

Six months ended 30 September 2016 (Unaudited)	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Total internally reported £m
External fee income	36.0	11.3	10.5	5.1	62.9	-	62.9
Inter-segmental fee	6.4	1.1	0.9	0.8	9.2	(9.2)	-
Fund management fee income	42.4	12.4	11.4	5.9	72.1	(9.2)	62.9
Other operating income					-	2.3	2.3
Gains on investments					-	125.5	125.5
Interest income					-	60.0	60.0
Dividend income					11.6	2.3	13.9
Total revenue					83.7	180.9	264.6
Interest expense					(0.2)	(24.4)	(24.6)
Net fair value loss on derivatives					-	(7.6)	(7.6)
Impairment					-	(23.8)	(23.8)
Staff costs					(19.1)	(5.6)	(24.7)
Incentive scheme costs					(14.5)	(22.9)	(37.4)
Other administrative expenses					(15.9)	(5.2)	(21.1)
Profit before tax					34.0	91.4	125.4

Reconciliation of financial statements reported to the Executive Committee to the position reported under IFRS

Included in the table below are statutory adjustments made to the Investment Company for the following:

- For internal reporting purposes, the interest earned and impairments charged on assets where the Group co-invests in funds (ICG Europe Fund V, ICG Europe Fund VI, ICG Asia Pacific Fund III and ICG North America Private Debt Fund) and where the investment is in a fund where the underlying assets are interest bearing (real estate, liquid credit and senior debt funds) is presented within interest income/impairments whereas under IFRS it is included within the value of the investment/dividends.
- The structured entities controlled by the Group are presented as fair value investments for internal reporting purposes, whereas the statutory financial statements present these entities on a fully consolidated basis.
- Other adjustments relate to the joint venture investment in Nomura ICG KK which is presented internally on a proportional consolidation basis, whereas it is equity accounted under IFRS and Questus Energy Pty Limited where the costs are included on a line by line basis in the income statement for internal reporting purposes whereas in the IFRS financial statements these are collapsed into a single line, administrative expenses, to reflect its status as a non-controlled entity.

Notes to the Half Year Report continued

For the six months ended 30 September 2017

3. Business segments continued

Consolidated Income Statement

Six months ended 30 September 2017 (Unaudited)	Internally reported £m	Reclass of interest to dividends and gains £m	Consolidated structured entities £m	Other adjustments £m	Total adjustments £m	Financial statements £m
Fund management fee income	77.8	-	(9.0)	(0.6)	(9.6)	68.2
Other operating income	3.4	-	1.1	-	1.1	4.5
Gains on investments	70.8	37.6	11.9	(0.2)	49.3	120.1
Interest income	51.8	(38.1)	77.2	0.2	39.3	91.1
Dividend income	12.3	0.5	(11.6)	-	(11.1)	1.2
Total revenue	216.1	-	69.6	(0.6)	69.0	285.1
Share of results of joint ventures accounted for using equity method	-	-	-	0.2	0.2	0.2
Interest expense	(28.3)	-	(51.3)	-	(51.3)	(79.6)
Net fair value loss on derivatives	(0.3)	-	(0.6)	-	(0.6)	(0.9)
Impairment	(10.0)	-	-	-	-	(10.0)
Staff costs	(26.6)	-	-	1.1	1.1	(25.5)
Incentive scheme costs	(49.3)	-	-	-	-	(49.3)
Other administrative expenses	(20.9)	-	(4.1)	0.5	(3.6)	(24.5)
Profit before tax	80.7	-	13.6	1.2	14.8	95.5

Six months ended 30 September 2016 (Unaudited)	Internally reported £m	Reclass of interest to gains £m	Consolidated structured entities £m	Other adjustments £m	Total adjustments £m	Financial statements £m
Fund management fee income	62.9	-	(6.9)	(0.4)	(7.3)	55.6
Other operating income	2.3	-	1.7	-	1.7	4.0
Gains on investments	125.5	(13.0)	1.7	(0.3)	(11.6)	113.9
Interest income	60.0	2.5	59.9	-	62.4	122.4
Dividend income	13.9	-	(10.9)	-	(10.9)	3.0
Total revenue	264.6	(10.5)	45.5	(0.7)	34.3	298.9
Share of results of joint ventures accounted for using equity method	-	-	-	0.1	0.1	0.1
Interest expense	(24.6)	-	(40.0)	-	(40.0)	(64.6)
Net fair value (loss)/gain on derivatives	(7.6)	-	3.1	-	3.1	(4.5)
Impairment	(23.8)	10.5	-	-	10.5	(13.3)
Staff costs	(24.7)	-	-	1.0	1.0	(23.7)
Incentive scheme costs	(37.4)	-	-	-	-	(37.4)
Other administrative expenses	(21.1)	-	(7.5)	(0.7)	(8.2)	(29.3)
Profit before tax	125.4	-	1.1	(0.3)	0.8	126.2

Notes to the Half Year Report continued

For the six months ended 30 September 2017

3. Business segments continued

Consolidated Statement of Financial Position

30 September 2017 (Unaudited)	Internally reported £m	Reclass of interest to gains £m	Consolidated structured entities £m	Other adjustments £m	Total adjustments £m	Financial statements £m
Non current financial assets	1,668.0	0.8	3,012.9	1.6	3,015.3	4,683.3
Other non current assets	29.8	–	4.1	0.1	4.2	34.0
Cash	145.1	–	249.3	(1.9)	247.4	392.5
Current financial assets	294.3	–	–	–	–	294.3
Other current assets	373.0	(0.8)	231.1	(0.6)	229.7	602.7
Total assets	2,510.2	–	3,497.4	(0.8)	3,496.6	6,006.8
Non current financial liabilities	1,008.4	–	3,050.0	(0.1)	3,049.9	4,058.3
Other non current liabilities	136.6	–	5.4	0.4	5.8	142.4
Current financial liabilities	85.6	–	–	–	–	85.6
Other current liabilities	162.0	–	371.3	(1.8)	369.5	531.5
Total liabilities	1,392.6	–	3,426.7	(1.5)	3,425.2	4,817.8
Equity	1,117.6	–	70.7	0.7	71.4	1,189.0
Total equity and liabilities	2,510.2	–	3,497.4	(0.8)	3,496.6	6,006.8

31 March 2017 (Audited)	Internally reported £m	Reclass of interest to gains £m	Consolidated structured entities £m	Other adjustments £m	Total adjustments £m	Financial statements £m
Non current financial assets	1,711.6	1.1	3,172.7	1.3	3,175.1	4,886.7
Other non current assets	36.6	–	–	–	–	36.6
Cash	490.3	–	293.5	(2.9)	290.6	780.9
Current financial assets	89.7	–	–	–	–	89.7
Other current assets	172.9	(1.1)	111.9	(1.4)	109.4	282.3
Total assets	2,501.1	–	3,578.1	(3.0)	3,575.1	6,076.2
Non current financial liabilities	1,121.5	–	3,183.4	–	3,183.4	4,304.9
Other non current liabilities	106.5	–	5.4	–	5.4	111.9
Current liabilities	158.8	–	329.8	(2.5)	327.3	486.1
Total liabilities	1,386.8	–	3,518.6	(2.5)	3,516.1	4,902.9
Equity	1,114.3	–	59.5	(0.5)	59.0	1,173.3
Total equity and liabilities	2,501.1	–	3,578.1	(3.0)	3,575.1	6,076.2

Notes to the Half Year Report continued

For the six months ended 30 September 2017

3. Business segments continued

Consolidated Statement of Cash flows

30 September 2017 (Unaudited)	Internally reported £m	Reclass of dividends from realisations £m	Consolidated structured entities £m	Other adjustments £m	Financial statements £m
Interest, fees and dividends received	118.2	78.6	53.1	-	249.9
Interest paid	(26.6)	-	(43.0)	-	(69.6)
Net purchase of current financial assets	(204.9)	-	-	-	(204.9)
Purchase of loans and investments	(261.9)	-	(1,373.0)	-	(1,634.9)
Cash in from realisations	227.5	(78.6)	1,335.3	-	1,484.2
Other operating expenses	(102.3)	-	(2.6)	1.1	(103.8)
Cash generated from/(used in) operating activities	(250.0)	-	(30.2)	1.1	(279.1)
Taxes paid	(3.6)	-	-	-	(3.6)
Net cash generated from/(used in) operating activities	(253.6)	-	(30.2)	1.1	(282.7)
Net cash used in investing activities	(1.9)	-	-	-	(1.9)
Dividends paid	(55.2)	-	-	-	(55.2)
Net decrease in long-term borrowings	(0.3)	-	-	-	(0.3)
Net cash outflow from derivatives	(23.2)	-	(3.2)	-	(26.4)
Purchase of own shares	(21.0)	-	-	-	(21.0)
Net cash used in financing activities	(99.7)	-	(3.2)	-	(102.9)
Net (decrease)/increase in cash	(355.2)	-	(33.4)	1.1	(387.5)
Cash and cash equivalents at beginning of period	490.3	-	293.5	(2.9)	780.9
FX impact on cash	10.0	-	(10.8)	(0.1)	(0.9)
Cash and cash equivalents at end of period	145.1	-	249.3	(1.9)	392.5

Notes to the Half Year Report continued

For the six months ended 30 September 2017

3. Business segments continued

Consolidated Statement of Cash flows continued

30 September 2016 (Unaudited)	Internally reported £m	Consolidated structured entities £m	Other adjustments £m	Financial statements £m
Interest, fees and dividends received	135.0	48.4	-	183.4
Interest paid	(20.8)	(39.4)	-	(60.2)
Net purchase of current financial assets	99.6	-	-	99.6
Purchase of loans and investments	(178.2)	(950.3)	-	(1,128.5)
Cash in from realisations	302.9	525.5	-	828.4
Other operating expenses	(65.8)	(14.0)	0.9	(78.9)
Cash generated from/(used in) operating activities	272.7	(429.8)	0.9	(156.2)
Taxes paid	(4.9)	-	-	(4.9)
Net cash generated from/(used in) operating activities	267.8	(429.8)	0.9	(161.1)
Net cash used in investing activities	(43.1)	-	-	(43.1)
Dividends paid	(249.9)	-	-	(249.9)
Net increase in long-term borrowings	363.6	621.0	-	984.6
Net cash outflow from derivatives	(113.6)	(1.2)	-	(114.8)
Purchase of own shares	(23.6)	-	-	(23.6)
Proceeds on issue of shares	0.6	-	-	0.6
Net cash (used in)/ from financing activities	(22.9)	619.8	-	596.9
Net increase in cash	201.8	190.0	0.9	392.7
Cash and cash equivalents at beginning of period	112.7	72.2	(2.4)	182.5
FX impact on cash	11.2	10.3	(0.4)	21.1
Cash and cash equivalents at end of period	325.7	272.5	(1.9)	596.3

4. Earnings per share

	Six months ended 30 September 2017 (Unaudited) £m	Six months ended 30 September 2016 (Unaudited) £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to the equity holders of the parent	93.3	109.3
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	282,205,125	292,200,567
Effect of dilutive potential ordinary share options	25,512	22,510
Weighted average number of ordinary shares for the purposes of diluted earnings per share	282,230,637	292,223,077
Earnings per share	33.1p	37.4p
Diluted earnings per share	33.1p	37.4p

Notes to the Half Year Report continued

For the six months ended 30 September 2017

4. Earnings per share continued

Reconciliation of total number of shares allotted, called up and in issue

	Total number of shares allotted, called up and in issue	Number of shares in own share reserve
As at 1 April 2017	293,903,724	13,363,728
Purchased	10,372	2,372,220
Options/awards exercised	-	(4,880,183)
As at 30 September 2017	293,914,096	10,855,765

As at 30 September 2016 the total number of shares allotted, called up and in issue was 293,720,373, of which 13,363,728 were held in the own shares reserve.

5. Dividends

The Board has approved an interim dividend of 9.0p per share (H1 2017: 7.5p).

6. Tax expense

	Six months ended 30 September 2017 (Unaudited) £m	Six months ended 30 September 2016 (Unaudited) £m
Analysis of tax on ordinary activities		
Current tax: current period	1.9	18.1
Deferred tax: current period	0.3	(1.5)
Tax charge on profit on ordinary activities	2.2	16.6

The Group's effective tax rate is lower than the standard rate of UK corporation tax of 19%.

In common with many international asset managers a large number of our third party funds are not UK based. The Group repatriates to the UK the returns it generates from investing alongside our third party funds. In compliance with the Corporation Tax Act 2009, where this is in the form of foreign dividend income, it is exempt from UK corporation tax. As a result dividend income received on its balance sheet investments is exempt from tax. Furthermore, the Group has been investing in its FMC business for a number of years and as a result does not anticipate having UK taxable profits for at least the next two years.

The Group is currently reviewing its transfer pricing policies and documentation in the light of the revised 'Base Erosion Profit Shifting' (BEPS) guidelines issued by the OECD. While the Group has low tax risk status in the UK, and no open enquiries elsewhere, a provision is being retained until the review is finalised and the application of the BEPS guidelines by the tax authorities is known.

Notes to the Half Year Report continued

For the six months ended 30 September 2017

6. Tax expense continued

	Six months ended 30 September 2017 (Unaudited) £m	Six months ended 30 September 2016 (Unaudited) £m
Profit on ordinary activities before tax	95.5	126.2
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (H1 2017: 20%)	18.1	25.2
Effects of:		
Non deductible expenditure	(1.2)	1.2
Non taxable income	(1.5)	(0.7)
Overseas withholding tax suffered	-	0.1
Different tax rates of overseas subsidiaries	(13.2)	(14.4)
Current year risk provision charge – current tax	-	5.4
Changes in statutory tax rates	-	(0.2)
Tax charge on profit on ordinary activities	2.2	16.6

7. Financial liabilities

Financial liabilities have decreased by £161.0m in the period since 31 March 2017 of which £133.4m relates to structured entities controlled by the Group with the balance principally due to the impact of FX on foreign currency denominated financial liabilities.

The fair value of financial liabilities is £4,143.9m (31 March 2017: £4,304.9m), determined where applicable with reference to their published market price.

8. Subsidiaries, associates and joint ventures

The following changes are of note to the Group's associates during the period:

- The Group reduced its ownership interest in ICG Total Credit Fund to 10.9% during the period to 30 September 2017 (31 March 2017: 21.75%) and is no longer considered to have significant influence. As a result ICG Total Credit Fund is no longer classified as an associate and instead is classified as an investment.
- The Group reduced its ownership interest in Gerflor Group to 3.0% during the period to 30 September 2017 and therefore the Group are no longer considered to have significant influence. Gerflor Group is no longer classified as an associate and instead is classified as an investment.
- The Group's investment in HMY which was previously classified as a joint venture was sold during the period.

There were no other changes of note in the Group's ownership interests in associates or subsidiaries during the period.

Independent Review Report to Intermediate Capital Group plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
13 November 2017

Reporting by strategic asset class

(Unaudited)	Six months ended 30 September 2017		Year ended 31 March 2017		Six months ended 30 September 2016	
	AUM (€m)	Fees (£m)	AUM (€m)	Fees (£m)	AUM (€m)	Fees (£m)
Corporate Investments						
Management Fee Income - Mezzanine	5,689	29.6	6,137	56.2	5,738	26.1
Performance Fee Income - Mezzanine	-	7.8	-	7.3	-	3.6
Management Fee Income - Senior Debt Partners	7,869	8.4	4,385	13.5	4,375	5.8
Performance Fee Income - Senior Debt Partners	-	(0.2)	-	1.2	-	0.5
Management Fee Income – Australian Senior Loans	281	0.3	283	-	-	-
	13,839	45.9	10,805	78.2	10,113	36.0
IC co-investment - Mezzanine	1,191	5.4	1,275	11.8	1,342	5.9
IC co-investment - Senior Debt Partners	35	0.1	38	0.3	37	0.2
IC co-investment - Australian Senior Loans	-	-	-	0.6	81	0.3
Total	15,065	51.4	12,118	90.9	11,573	42.4
Capital Market Investments						
CLOs	5,551	12.4	5,383	20.4	4,681	9.7
Managed Accounts and Pooled Funds	1,007	2.0	788	2.9	636	1.5
Performance Fee Income	-	0.2	-	0.4	-	0.1
	6,558	14.6	6,171	23.7	5,317	11.3
IC co-investment	399	1.4	390	2.1	391	1.1
Total	6,957	16.0	6,561	25.8	5,708	12.4
Real Asset Investments						
Management Fee Income	3,393	9.7	3,290	20.9	3,340	10.5
Performance Fee Income	-	(2.0)	-	1.0	-	-
	3,393	7.7	3,290	21.9	3,340	10.5
IC co-investment	97	0.7	126	1.7	146	0.9
Total	3,490	8.4	3,416	23.6	3,486	11.4
Secondary Investments						
Management Fee Income	1,530	8.9	1,551	14.5	1,078	4.8
Performance Fee Income	-	0.7	-	0.3	-	0.3
	1,530	9.6	1,551	14.8	1,078	5.1
IC co-investment	170	0.7	179	1.6	166	0.8
Total	1,700	10.3	1,730	16.4	1,244	5.9
Total External	25,320	77.8	21,817	138.6	19,848	62.9
Total IC co-investment	1,892	8.3	2,008	18.1	2,163	9.2
Total	27,212	86.1	23,825	156.7	22,011	72.1

Glossary

Items denoted with a ¹ throughout this document have been identified as non IFRS GAAP alternative performance measures. These are defined below:

Term	Short form	Definition																		
Adjusted earnings per share	Adjusted EPS	Adjusted profit after tax (annualised when reporting a six month period's results) divided by the weighted average number of ordinary shares as detailed in note 4.																		
Adjusted Group profit before tax		<p>Group profit before tax adjusted for the impact of the consolidated structured entities, the presentation of Nomura ICG KK and Questus Energy Pty Limited (other adjustments) and the fair value movements on derivatives.</p> <p>As at 30 September, this is calculated as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">2017</th> <th style="text-align: right;">2016</th> </tr> </thead> <tbody> <tr> <td>Profit before tax</td> <td style="text-align: right;">£95.5m</td> <td style="text-align: right;">£126.2m</td> </tr> <tr> <td>Other adjustments</td> <td style="text-align: right;">(£1.2m)</td> <td style="text-align: right;">£0.3m</td> </tr> <tr> <td>Plus fair value movement of derivatives</td> <td style="text-align: right;">£0.3m</td> <td style="text-align: right;">£7.6m</td> </tr> <tr> <td>Less consolidated structured entities</td> <td style="text-align: right;">(£13.6m)</td> <td style="text-align: right;">(£1.1m)</td> </tr> <tr> <td>Adjusted group profit before tax</td> <td style="text-align: right;">£81.0m</td> <td style="text-align: right;">£133.0m</td> </tr> </tbody> </table>		2017	2016	Profit before tax	£95.5m	£126.2m	Other adjustments	(£1.2m)	£0.3m	Plus fair value movement of derivatives	£0.3m	£7.6m	Less consolidated structured entities	(£13.6m)	(£1.1m)	Adjusted group profit before tax	£81.0m	£133.0m
	2017	2016																		
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Less consolidated structured entities	(£13.6m)	(£1.1m)																		
Adjusted Investment Company profit before tax	£36.7m	£99.0m																		
Adjusted return on equity		<p>Adjusted profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period. As at 30 September, this is calculated as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">2017</th> <th style="text-align: right;">2016</th> </tr> </thead> <tbody> <tr> <td>Adjusted profit after tax</td> <td style="text-align: right;">£159.6m</td> <td style="text-align: right;">£232.8m</td> </tr> <tr> <td>Average shareholders' funds</td> <td style="text-align: right;">£1,136.6m</td> <td style="text-align: right;">£1,120.4m</td> </tr> <tr> <td>Adjusted return on equity</td> <td style="text-align: right;">14.0%</td> <td style="text-align: right;">20.8%</td> </tr> </tbody> </table>		2017	2016	Adjusted profit after tax	£159.6m	£232.8m	Average shareholders' funds	£1,136.6m	£1,120.4m	Adjusted return on equity	14.0%	20.8%						
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Asset Impairments		Asset impairments are recognised on debt instruments to the extent that the debt is deemed irrecoverable. Asset impairments are reported on an internal basis and includes impairments on assets where the Group's co-investment is through a fund structure, but the underlying assets are interest bearing. See note 3 for a full reconciliation.																		
Assets under management	AUM	Value of all funds and assets managed by the FMC. During the investment period third party (external) AUM is measured on the basis of committed capital. Once outside the investment period third party AUM is measured on the basis of cost of investment. AUM is presented in Euros, with non-Euro denominated at the period end closing rate.																		

Balance sheet investment portfolio		The balance sheet investment portfolio represents non-current financial assets from the Statement of Financial Position, adjusted for the impact of the consolidated structured entities and the presentation of Nomura ICG KK (other adjustments). See note 3 for a full reconciliation.												
Capital gains		Capital gains represent the increase in value of equity investments. Capital gains reported on an internal basis excludes the impact of the consolidated structured entities and excludes capital gains where the Group's investment is through a fund structure, but the underlying assets are interest bearing. See note 3 for a full reconciliation.												
Dividend income		Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities and includes dividends on assets where the Group's co-investment is through a fund structure. See note 3 for a full reconciliation.												
Earnings per share		Profit after tax (annualised when reporting a six month period's results) divided by the weighted average number of ordinary shares as detailed in note 4.												
Gearing		<p>Gross borrowings, excluding the consolidated structured entities, divided by closing shareholders' funds. Gross borrowings represent the cash amount repayable to debt providers. As at 30 September 2017 and 31 March 2017, this is calculated as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">30 September 2017</th> <th style="width: 20%; text-align: right;">31 March 2017</th> </tr> </thead> <tbody> <tr> <td>Gross borrowings</td> <td style="text-align: right;">£1,090m</td> <td style="text-align: right;">£1,119m</td> </tr> <tr> <td>Shareholders' funds</td> <td style="text-align: right;">£1,188m</td> <td style="text-align: right;">£1,173m</td> </tr> <tr> <td>Gearing</td> <td style="text-align: right;">0.92x</td> <td style="text-align: right;">0.95x</td> </tr> </tbody> </table>		30 September 2017	31 March 2017	Gross borrowings	£1,090m	£1,119m	Shareholders' funds	£1,188m	£1,173m	Gearing	0.92x	0.95x
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Gross borrowings	£1,090m	£1,119m												
Shareholders' funds	£1,188m	£1,173m												
Gearing	0.92x	0.95x												
Interest expense		Interest expense excludes the cost of financing associated with the consolidated structured entities. See note 3 for a full reconciliation.												
Interest income		Interest income is contractual income earned on debt investments. Interest income reported on an internal basis excludes the impact of the consolidated structured entities and includes interest income on assets where the Group's co-investment is through a fund structure, but the underlying assets are interest bearing. See note 3 for a full reconciliation.												
Investment income		Investment income is the total of interest income, capital gains and dividend and other income.												
Net asset value per share		<p>Total equity from the Statement of Financial Position divided by the closing number of ordinary shares. As at 30 September 2017 and 31 March 2017, this is calculated as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: right;">30 September 2017</th> <th style="width: 20%; text-align: right;">31 March 2017</th> </tr> </thead> <tbody> <tr> <td>Total equity</td> <td style="text-align: right;">£1,189m</td> <td style="text-align: right;">£1,173m</td> </tr> <tr> <td>Closing number of ordinary shares</td> <td style="text-align: right;">283,058,331</td> <td style="text-align: right;">280,539,996</td> </tr> <tr> <td>Net asset value per share</td> <td style="text-align: right;">420p</td> <td style="text-align: right;">418p</td> </tr> </tbody> </table>		30 September 2017	31 March 2017	Total equity	£1,189m	£1,173m	Closing number of ordinary shares	283,058,331	280,539,996	Net asset value per share	420p	418p
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Total equity	£1,189m	£1,173m												
Closing number of ordinary shares	283,058,331	280,539,996												
Net asset value per share	420p	418p												
Net current assets		The total of cash, plus current financial assets, plus other current assets, less current liabilities as internally reported. This excludes the consolidated structured entities and the presentation of Nomura ICG KK and Questus Energy Pty Limited (other adjustments). As at 30 September 2017 and 31 March 2017, this is calculated as follows:												

			30 September 2017	31 March 2017
		Cash	£145.1m	£490.3m
		Current financial assets	£294.3m	£89.7m
		Other current assets	£373.0m	£172.9m
		Current liabilities	(£247.6m)	(£158.8m)
		Net current assets	£564.8m	£594.1m
Net debt		Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities and the presentation of Nomura ICG KK and Questus Energy Pty Limited (other adjustments). As at 30 September 2017, this is calculated as follows:		
			30 September 2017	31 March 2017
		Total drawn debt	£1,089.7m	£1,119.0m
		Less unencumbered cash	(£144.7m)	(£489.9m)
		Net debt	£945.0m	£629.1m
Operating cashflow		Operating cashflow represents the cash generated from operating activities from the Statement of Cash Flows, adjusted for the impact of the consolidated structured entities, the presentation of Nomura ICG KK (other adjustments). See note 3 for a full reconciliation.		
Operating expenses of the Investment Company		Investment Company operating expenses are adjusted for the impact of the consolidated structured entities, the presentation of Nomura ICG KK and Questus Energy Pty Limited (other adjustments). See note 3 for a full reconciliation.		
Operating profit margin		Fund Management Company profit divided by Fund Management Company total revenue. As at 30 September this is calculated as follows:		
			2017	2016
		Fund Management Company Profit	£44.3m	£34.0m
		Fund Management Company Total Revenue	£98.4m	£83.5m
		Operating profit margin	45.0%	40.7%
Return on assets	ROA	Returns (annualised when reporting a six month period's results) divided by the average balance sheet investment portfolio. Returns comprise interest and dividend income, plus net capital gains, less asset impairments (as defined in this glossary) on the balance sheet investment portfolio, i.e. excluding assets held for sale. As at 30 September this is calculated as follows:		
			2017	2016
		Interest income	£44.1m	£48.0m
		Dividend and other income	£15.7m	£16.1m
		Capital gains	£69.8m	£125.9m
		Net asset impairments	(£10.0m)	(£23.8m)
		Total returns	£119.6m	£166.2m
		Average balance sheet	£1,689.8m	£1,835.5m
		Return on assets	14.2%	18.1%

Return on equity	ROE	Profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period.
Third party fee income		Fees generated on fund management activities as reported in the Fund Management Company including fees generated on consolidated structured entities which are excluded from the IFRS consolidation position. See note 3 for a full reconciliation.
Weighted average fee rate		An average fee rate across all strategies based on fee earning AUM in which the fees earned are weighted based on the relative AUM.

Other definitions which have not been identified as non IFRS GAAP alternative performance measures are as follows:

Term	Short form	Definition
AIFMD		The EU Alternative Investment Fund Managers Directive.
Catch up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
Closed end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
Co-investment	Co-invest	A direct investment made alongside or in 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.
Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, inactive secondary market.
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 fund management business, 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.
Internal Capital Adequacy Assessment Process	ICAAP	The ICAAP allows companies to assess the level of capital that adequately supports all relevant current and future risks in their business.

Investment Company	IC	The Investment Company invests the Group's capital in support of third party fundraising and funds the development of new strategies.
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.
Key performance indicator	KPI	A business metric used to evaluate factors that are crucial to the success of an organisation.
Key risk indicator	KRI	A measure used to indicate how risky an activity is. It is an indicator of the possibility of future adverse impact.
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 investor's commitment may be redeemed with appropriate notice.
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	Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
Realisation		The return of invested capital in the form of principal, rolled up interest and/or capital gain.
Securitisation		A form of financial structuring whereby a pool of assets is used as security (collateral) for the issue of new financial instruments.
Senior debt		Senior debt ranks above mezzanine and equity.
Total AUM		The aggregate of the third party external AUM and the Investment Company's balance sheet.
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.
Weighted average		An average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.

Company timetable

Ex-dividend date	7 December 2017
Record date for interim dividend	8 December 2017
Last date for dividend reinvestment election	19 December 2017
Payment of interim dividend	12 January 2018
Capital Markets Update and Trading Update	1 February 2018
Full year results announcement	22 May 2018