Final Results

For the financial year ended 31 March 2018

Embargoed until 7:00am on 22 May 2018

ICG fundraising and capital deployment at record levels

Intermediate Capital Group plc (ICG) announces its final results for the year ended 31 March 2018.

Operational highlights

- Total AUM up 20% to €28.7bn, with €7.8bn of new money raised, driven by our Senior Debt Partners strategy raising €4.2bn and growing momentum across our European capital markets strategies.
- Third party fee earning AUM up 12% in the year to €21.0bn.
- Strong deployment across strategies, up 21% to €4.9bn. Continued focus on investment discipline in a competitive market.
- Portfolios continue to perform well with all funds on course to meet or exceed applicable hurdle rates.
- Excellent start to the new financial year. Europe Fund VII fundraising is well advanced, with €2.6bn raised to date. With a target size of €4bn we are scaling this strategy to reflect the level of investment opportunities.

Financial highlights

- Fund Management Company profits up 29% to £95.3m (2017: £74.0m), with third party fee income[1] up 21%.
- Investment Company profits lower at £103.8m (2017: £178.4m), due to lower investment income.
- Group profit before tax of £199.1m (2017: £252.4m); Adjusted Group profit before tax[1] was £168.3m (2017: £236.2m).
- Earnings per share of 88.8p (2017: 74.5p) are higher due to deferred tax accounting credits; Fund Management Company 44.9p (2017: 21.6p) and Investment Company 43.9p (2017: 52.9p).
- Final ordinary dividend up 8% to 21.0 pence per share. Total ordinary dividends in the year up 11% to 30.0 pence per share.

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

"This is another year of impressive performance and successful delivery of our strategy. With AUM at a record €28.7bn, up 20%, and both fundraising and capital deployment at record levels, we continue to deliver on our commitments to investors and shareholders. This momentum has continued into the new financial year.

The market environment continues to be supportive of both our existing and new strategies and we see strong, ongoing demand from investors, as well as attractive investment opportunities for our funds. Our demonstrated ability to innovate and add new strategies to our portfolio has increased our diversification and resilience, and has further contributed to our credibility and attractiveness with investors. We have become a global platform and are well placed to build on this success."

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

"These results are further evidence of our status as a leading specialist asset manager. Fundraising continues to be excellent as investors have trusted us with their funds due to our sustained investment outperformance. The strength of our fund management business allows the Board to recommend an 11% increase in the full year dividend."

Financials

	31 March 2018	31 March 2017	% change
Fund Management Company profit before tax[1]	**£95.3m**	£74.0m	29%
Investment Company profit before tax	**£103.8m**	£178.4m	(42%)
Adjusted Investment Company profit before tax[1]	**£73.0m**	£162.2m	(55%)
Adjusted Group profit before tax[1]	**£168.3m**	£236.2m	(29%)
Group profit before tax	**£199.1m**	£252.4m	(21%)
Adjusted earnings per share[1]	**79.3p**	68.9p	15%
Earnings per share	**88.8p**	74.5p	19%
Dividend per share in respect of the year	**30.0p**	27.0p	11%
Gearing[1]	**0.77x**	0.95x	(19%)
Net debt[1]	**£773.5m**	£629.1m	23%
Net asset value per share[1]	**£4.66**	£4.18	11%

[1] These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of the consolidation of 14 structured entities funds following the adoption of IFRS 10. Further details can be found on page 7.

To reduce complexity, we have included the fair value movements on derivatives (FY18: £6.5m; FY17: £1.3m) within the Adjusted Investment Company profit. This is a change in presentation from the prior year.

Assets under management[1]

	31 March 2018	31 March 2017
Third party assets under management	**€26,534m**	€21,817m
Balance sheet portfolio	**€2,164m**	€2,008m
Total assets under management	**€28,698m**	€23,825m
Third party fee earning assets under management	**€20,972m**	€18,742m

The following foreign exchange rates have been used.

	31 March 2018 Average	31 March 2017 Average	**31 March 2018 Period end**	31 March 2017 Period end
GBP:EUR	**1.1354**	1.1890	**1.1399**	1.1730
GBP:USD	**1.3387**	1.3020	**1.4019**	1.2534

Enquiries

A presentation for investors and analysts will be held at 08:30 BST today at ICG's offices, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU. The presentation will be also be streamed live at 8.30 BST on our website http://www.icgam.com/shareholders/Pages/shareholders.aspx. For those unable to dial in it will be available on demand on our website http://www.icgam.com/shareholders/Pages/shareholders.aspx from 14.00 BST.

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This 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 results statement should not be relied on by any other party or for any other purpose.

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

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

About ICG

ICG is a specialist asset manager with over 29 years' history. We manage €28.7bn 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 and grow our specialist asset management business. The highlights of the financial year are:

- Fundraising (inflows): €7.8bn raised in total with €4.2bn raised for our Senior Debt Partners strategy.
- Fees: Weighted average fee rate of 0.86%, down from 0.91%. This is due to the successful investment of our Senior Debt Partners strategy and growth in our Capital Markets funds.
- Investment: Deployment remains strong across strategies, up 21% to €4.9bn.
- Returns: All funds are on course to meet or exceed their applicable hurdle rates.

We continue to demonstrate our ability to develop successful specialist asset management strategies, supported by the strength of our client relationships. Our Fund Management Company (FMC) profits have grown 56% over the last two years, and now exceed the profits of our Investment Company (IC). It is against this backdrop that we increased our fundraising target, to an average of €6bn per annum on a three year rolling basis, and FMC operating margin target, to above 43%, during the year.

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 in developed nations, drives higher 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 continue and be largely unaffected by market volatility and the expected increase in Central Bank interest rates.

The growing demand for alternative assets makes our markets attractive to new entrants. However, through rising complexity, greater investor expectations and expanding regulation, the market is becoming more sophisticated which increases the barriers to entry. This is accelerating the growth of established and diversified managers as investors look to streamline their number of relationships, preferring global managers with a strong track record, credibility and infrastructure. We are well positioned to take advantage of these market trends as an established global manager focused on the specialist end of alternative asset management.

Strong growth and diversification in assets under management

At €7.8bn, fundraising (inflows) was stronger than in prior periods. As 94% of our AUM is in closed end funds, our inflows are strongly dependent on when our larger funds come to market resulting in fluctuating inflows year on year. Another characteristic of our closed end strategies is the benefit of 'locked in' investor commitments and related fee streams. Current year fundraising was driven by Senior Debt Partners, our largest strategy, closing its third vintage and raising €4.2bn through both a co-mingled fund and segregated mandates.

The increase in size of our Senior Debt Partners strategy, with assets under management up 68% 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. We upscaled this strategy to permit it to make 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 this and been able to increase the average fee rate of the strategy.

Since entering the US market in 2014 we have made good progress in establishing our presence in the world's largest and most competitive market. Our North America Private Debt (mezzanine) strategy has closed $1.3bn for its second fund, including $150m from the balance sheet, of which $0.9bn was raised in the financial year. This makes the fund 71% larger than its predecessor, thereby enabling us to compete for larger deals. In addition, we closed our US based Strategic Secondaries Fund above target early in the financial year and raised a further two US CLOs.

We have made steady progress in converting investor demand into investor commitments for our liquid strategies, raising €1.1bn in the period and increasing the profitability of these scalable strategies. We had further success in closing the third vintage of our real estate senior debt strategy and a first close for the fifth vintage of our real estate proprietary capital fund.

Investing selectively in a competitive market

Our increasing number of strategies means that we operate in a diversified investment market. Across all of our strategies we have seen the investment market remain competitive as institutions seek to deploy the increasing amounts of capital raised.

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. As a result we have seen a year of record deployment, investing €4.9bn across our direct investment strategies, an increase of 21% on the prior year. This means that some of our larger funds are raising successor funds earlier than expected and provides us confidence that all of our direct investment funds will deploy their available capital within their stated investment periods. We believe our origination heavy investment model is a competitive advantage. We will continue to invest appropriately in our investment, distribution and infrastructure teams to maintain this advantage.

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 and provides the foundations for future fundraising success.

The portfolios are performing well. Despite increased market volatility, company performance and credit fundamentals remain healthy. We therefore expect the performance of our portfolios and level of realisations to remain robust in the new financial year.

Dividend and capital management

The Board's policy is to recommend a dividend pay-out of 80-100% of the post-tax profit of the Fund Management Company. The annual quantum will be judged in the light of contemporary trading, regulatory capital and debt rating considerations. The dividend policy is also progressive, meaning that absent major adverse circumstances, the dividend will at least be maintained and more normally increased year on year. Until such time that FMC profits can cover our pay-out policy, we will continue to draw on IC profits to comply with our progressive dividend policy.

In line with our policy and against the backdrop of continued delivery against our strategic objectives and strong cash generation the Board recommends increasing the final ordinary dividend for the year to 21.0 pence per share. This makes a total for the year of 30.0p (2017: 27.0p), an increase of 11% on the prior year, and above our 6-8% guidance range. The proposed full year dividend is covered 3.0 times based on total profit and equates to 110% of post-tax FMC profits. If approved by shareholders the final dividend will be paid on 7 August 2018 to those shareholders on the register as at 15 June 2018. We continue to make the dividend reinvestment plan available.

We continued to actively manage the Group's sources of financing, extending debt facilities and lowering pricing where possible. During the financial year the Group's nine bilateral debt facilities were renegotiated and consolidated into a single £500m dual tranche revolving credit facility, with initial maturities of two and three and a half years respectively. This, combined with our long term private placement programme, secures the Group's liquidity by extending the maturity of our committed facilities, along with improved terms and a significant reduction in cost. The weighted average life of drawn debt as at 31 March 2018 was 3.6 years.

Changes to the Board

During the year we have recruited three Non-Executive Directors, expanding the breadth of experience on the Board and in preparation for the retirement of Peter Gibbs and Kim Wahl at this year's AGM. Following the AGM, the Board will comprise two Executive Directors and seven Non-Executive Directors, 33% of whom are female. We are committed to promoting gender balance and diversity throughout the Group, not just at Board level, but like others in our industry have more to do over a sustained period of time to make substantial progress.

Outlook

We have made an excellent start to the new fundraising year, including €2.6bn for Europe Fund VII. Europe Fund VII is on track to be significantly larger than its predecessor fund, and illustrates that where the opportunity arises we will seek to scale proven strategies to further differentiate our offering from other asset managers. With average fee rates higher and fees charged on committed capital, from today, Europe Fund VII will have an immediate impact on operating leverage. With our UK real estate strategy, strategic equity strategy and capital markets strategies also expected to raise money in the new financial year, fundraising is expected to be strong, and weighted to the first half.

We will continue to look for attractive opportunities to grow and further expand our range of strategies, using our balance sheet capital as an enabler and accelerator of growth. We have recently hired a team with significant experience in both investing and managing high quality infrastructure assets to help us launch a new European infrastructure investment strategy. In addition, our real estate team are looking at three new strategies to add to their portfolio of products. These strategies are all in the early stages of development and there is no guarantee of success, as illustrated by our decision to discontinue our attempt to develop an Asia Pacific energy strategy due to a lack of attractive investment opportunities. We will continue to keep the market updated on developments at the appropriate time. It is essential to the long term growth of the business that we continue to explore new, scalable strategies.

Our business model with a disciplined investment culture and focus on closed end funds underpins earnings 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.

[1] These are non IFRS GAAP alternative performance measures. Please see the glossary on page 39 for further information.

Finance and operating review

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 as it differs from the IFRS financial statements on pages 24 to 37 are alternative performance measures as defined in the glossary on page 39 . 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.

The Group's profit before tax on an IFRS basis was below last year at £199.1m (2017: £252.4m), as detailed in the table below:

			2018			2017
Income Statement	**Internally reported £m**	**Adjustments £m**	**IFRS as reported £m**	Internally reported £m	Adjustments £m	IFRS as reported £m
Revenue						
Fee and other operating revenue	**173.9**	**(16.7)**	**157.2**	146.6	(12.5)	134.1
Finance and dividend income	**139.0**	**50.8**	**189.8**	174.4	29.8	204.2
Net gains on investments	**144.7**	**108.3**	**253.0**	201.4	85.4	286.8
Total revenue	**457.6**	**142.4**	**600.0**	522.4	102.7	625.1
Finance costs	**(63.1)**	**(103.3)**	**(166.4)**	(55.2)	(98.2)	(153.4)
Impairments	**(25.2)**	**6.4**	**(18.8)**	(48.0)	22.7	(25.3)
Administrative expenses	**(201.0)**	**(15.0)**	**(216.0)**	(183.0)	(11.3)	(194.3)
Other	**-**	**0.3**	**0.3**	-	0.3	0.3
Profit before tax	**168.3**	**30.8**	**199.1**	236.2	16.2	252.4

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 on pages 29 to 35. 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 14 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 the CLO 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.

The consolidated financial statements of ICG Group presented in accordance with IFRS include the financial statements of the CLO entities which meet the requirements for consolidation of IFRS 10 Consolidated Financial Statements. CLOs are structured as tranches of debt, of which control is essentially determined by reference to ownership of the most subordinated tranche of debt. This is not equity, and hence no non-controlling interests arise on the consolidation of these entities. Upon consolidation, all intragroup balances and transactions, including any related intragroup profits and losses, are eliminated in full. The difference in profit between the internally reported and IFRS consolidated measures is solely due to a difference in valuation assumptions applied for the asset held by ICG and the corresponding liability held by the CLO entity.

Reclassification of income
The Group invests in its European, Asia Pacific and North American Private Debt (mezzanine) 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, internal financial information is presented on an asset by asset basis for all European, Asia Pacific and North American Private Debt (mezzanine) strategies. This is presentational only and has no impact on the profit of the Group. As previously indicated, for the financial year beginning 1 April 2018 our internal financial information will report our Investment Company income at a Net Investment Returns level, thereby increasing the alignment between our internally reported and IFRS GAAP reporting.

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 39.

Overview

The Group's internally reported profit before tax[1] for the period was 29% lower at £168.3m (2017: £236.2m), with Fund Management Company (FMC) profit of £95.3m (2017: £74.0m) and Investment Company (IC) profit of £73.0m (2017: £162.2m). Our principal profit metric is FMC profit which has benefited from the increase in assets under management, increased fee income and a slower increase in operating costs. IC profits have, as expected, normalised after the prior year included the one off recycling of £54.4m of realised capital gains from reserves and include the impact of the fair value charge on hedging derivatives of £6.5m (2017: £1.3m).

Income Statement - as internally reported	**31 March 2018 £m**	31 March 2017 £m	Change %
Fund Management Company	**95.3**	74.0	29%
Investment Company	**73.0**	162.2	(55%)
Profit before tax	**168.3**	236.2	(29%)
Tax	**55.7**	(34.9)	n/a
Profit after tax	**224.0**	201.3	11%

The effective tax rate is lower than the standard corporation tax rate of 19%, as detailed on page 36. This is in part due to a significant proportion of the Investment Company's assets being invested directly into funds based outside the United Kingdom. Investment returns from these funds are paid to the Group in the form of non-taxable dividend income. This outcome is in line with other UK investment companies. The Investment Company's taxable costs can therefore be used to offset the taxable profits of our UK Fund Management business, reducing the overall Group charge.

In addition, there are two deferred tax accounting adjustments in the current year which have further reduced the tax charge:

1. Finance Act 2017 widened the definition of the 'Substantial Shareholder Exemption' rules which exempt companies from tax on the disposal of an investment in which 10% of the shares are held and certain other conditions met. As a result there are a small number of legacy assets, dating from when ICG was a principal investor, that will now qualify for SSE and be exempt from tax. As tax had previously been expected to be paid on these balances, a deferred tax liability of £15.4m had been accrued which has been released in the current year.

2. The Group has reviewed, and updated, its transfer pricing policy to reflect current business practices and in line with the OECD's 'Base Erosion and Profit Shifting' (BEPS) guidelines. The updated methodology was prepared in conjunction with our corporate tax advisers and the use of external benchmarking. Following this exercise, and in light of the Group's ongoing low risk tax status in the UK and no open enquiries elsewhere, the Directors reassessed the necessity for a tax risk provision. The Directors concluded that whilst there remains an inherent risk of challenge by UK and overseas tax authorities this was not sufficient to maintain the provision of £27.1m.

Based on the internally reported profit above, the Group generated an ROE[1] of 19.1% (2017: 18.0%) and adjusted earnings per share[1] for the period of 79.3p (2017: 68.9p).

Net current assets[1] of £228.1m 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 management. New AUM (inflows) is our best lead indicator to sustainable future fee streams and therefore increasing sustainable profits.

In the year to 31 March 2018, the net impact of fundraising and realisations increased third party AUM[1] by 22% to €26.5bn. AUM by strategic asset class is detailed below.

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	5,003	2,161	581	74	7,819
Realisations	(1,547)	(455)	(230)	(43)	(2,275)
FX and other	(388)	(194)	(132)	(113)	(827)
At 31 March 2018	**13,873**	**7,683**	**3,509**	**1,469**	**26,534**
Change %	28%	25%	7%	(5%)	22%

Corporate Investments
Corporate Investments third party funds under management increased 28% to €13.9bn in the year as new AUM of €5,003m outstripped the run off of our older funds. Fundraising in the period related to our Senior Debt Partners and North America Private Debt strategies.

Capital Market Investments
Capital Market Investments third party funds under management increased 25% to €7.7bn, with new third party AUM of €2,161m raised in the year. During the year we raised three CLOs, one in Europe and two in the US, raising a total €1,173m, including €65m committed from the balance sheet to meet regulatory requirements, thereby further increasing the operating leverage of this strategy. The remaining €1,053m was raised across our other liquid credit funds, a substantial increase on the €153m raised in the prior year and a reflection of the investment made into these strategies.

Real Asset Investments
Real Asset Investments third party funds under management increased 7% to €3.5bn, with new AUM of €431m raised in the year for our UK real estate senior debt programme and a €150m first close for ICG Longbow Fund V, our UK real estate partnership capital strategy. Fundraising for this strategy is ongoing with further closes expected in the new financial year.

Secondary Investments
Secondaries third party funds under management decreased 5% to €1.5bn, with new AUM of €74m raised in the period for our Strategic Equity 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, Real Estate funds and 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 strategies was €4.9bn in the year compared to €4.0bn in the last financial year. The direct investment funds are investing as follows, based on third party funds raised at 31 March 2018:

Strategic asset class	Fund	% invested at 31 March 2018	% invested at 31 March 2017	Assets in fund at 31 March 2018	Deals completed in year
Corporate Investments	ICG Europe Fund VI	81%	40%	14	6
Corporate Investments	North American Private Debt Fund	85%	64%	18	6
Corporate Investments	Senior Debt Partners III	16%	n/a	4	4
Corporate Investments	Asia Pacific Fund III	77%	44%	6	2
Real Asset Investments	ICG Longbow Real Estate Fund IV	100%	71%	32	9
Secondary Investments	Strategic Secondaries II	54%	21%	7	4

The investment rate of our direct investment funds has resulted in fee earning AUM increasing 12% to €21.0bn since 1 April 2017 as detailed below.

Third party fee earning AUM bridge	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party Fee Earning AUM €m
At 1 April 2017	8,516	6,171	2,667	1,388	18,742
Additions	2,184	2,255	664	74	5,177
Realisations	(1,275)	(494)	(496)	(43)	(2,308)
FX and other	(198)	(250)	(69)	(122)	(639)
At 31 March 2018	**9,227**	**7,682**	**2,766**	**1,297**	**20,972**
Change %	8%	24%	4%	(7%)	12%

Fee income

Third party fee income[1] of £167.1m was 21% higher than the prior year driven by the investment of those funds that charge fees on invested capital, fees from our recently established secondaries strategy and the CLO issuance programme. Details of movements are shown below:

Fee income	31 March 2018 £m	31 March 2017 £m	Change %
Corporate Investments	**93.0**	78.2	19%
Capital Market Investments	**34.9**	23.7	47%
Real Asset Investments	**18.5**	21.9	(16%)
Secondary Investments	**20.7**	14.8	40%
Total third party funds	**167.1**	138.6	21%
IC management fee	**17.8**	18.1	(2%)
Total	**184.9**	156.7	18%

Third party fees include £23.1m of performance fees (2017: £9.8m), of which £17.2m (2017: £8.5m) related to Corporate Investments as the realisation of assets from older vintages increase the likelihood that performance conditions will be met. The remaining £5.9m (2017: £1.3m) primarily related to our Alternative Credit and Strategic Equity strategies. Performance fees are an integral recurring part of the fee income profile and profitability stream of the Group.

The weighted average fee rate[1], excluding performance fees, across our fee earning AUM is 0.86% (2017: 0.91%). This slight decrease is due to the successful investment of our Senior Debt Partners and growth in our Capital Markets funds during the year.

Weighted average fee rates	31 March 2018 £m	31 March 2017 £m
Corporate Investments	**1.00%**	1.04%
Capital Market Investments	**0.55%**	0.53%
Real Asset Investments	**0.89%**	0.95%
Secondary Investments	**1.40%**	1.29%
Total third party funds	**0.86%**	0.91%

Dividend income

Dividend receipts[1] of £25.2m (2017: £23.2m) are higher than prior year due to the increased number and improved performance of CLOs.

Operating expenses

Operating expenses of the FMC were £114.8m (2017: £105.7m), including salaries and incentive scheme costs.

Salaries were £42.1m (2017: £39.0m) as average headcount increased 6% from 238 to 252. This increase is directly related to investing in our capital markets and senior debt strategies. Other administrative costs have decreased to £31.9m (2017: £32.9m) as the amortisation cost of historic placement fees reduces.

The FMC operating margin[1] was 45.4% up from 41.2% in the prior year, as a result of average fee earning AUM increasing 14% to €19.1bn for the year thereby increasing the operating leverage of our existing strategies.

Investment Company

Balance sheet investments

The balance sheet investment portfolio[1] increased 11% in the year to £1,898.5m at 31 March 2018, as illustrated in the investment portfolio bridge below:

	£m
At 1 April 2017	1,711.6
New and follow on investments	572.4
Net transfer from current assets	75.8
Accrued interest income	66.8
Realisations	(571.3)
Impairments	(25.2)
Fair value gains	135.0
FX and other	(66.6)
At 31 March 2018	**1,898.5**

Realisations comprise the return of £375.6m of principal, the crystallisation of £37.7m of rolled up interest and £158.0m of realised capital gains.

In the period £288.0m was invested alongside our Corporate Investments strategies for new and follow on investments. Of the remaining £284.4m, £118.2m was invested in CLOs in accordance with regulatory requirements, £102.3m in our European liquid strategies and £55.6m in our Strategic Equity strategy.

The Sterling value of the portfolio decreased by £55.0m due to FX movements. The portfolio is 43% Euro denominated, 30% US dollar denominated and 17% 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 31 March 2018 £m**	**% of total**	As at 31 March 2017 £m	% of total
Corporate Investments	15-20%	**1,257**	**66%**	1,120	66%
Capital Market Investments	5-10%	**370**	**19%**	333	19%
Real Asset Investments	c10%	**111**	**6%**	107	6%
Secondary Investments	15-20%	**161**	**9%**	152	9%
Total balance sheet portfolio		**1,899**	**100%**	1,712	100%

In addition, £107.2m (2017: £89.7m) of current assets are held on the balance sheet with the intention of being transferred to third party funds once their fundraising is complete. The use of the balance sheet in this way enables our investment teams to continue to source attractive deals whilst a fund is being raised, and in turn facilitates the fundraising as potential investors can see the types of assets they will be investing in. At 31 March 2018, these assets primarily related to our Capital Markets strategies.

Net investment returns

Net investment returns[1] of £240.1m (2017: £312.8m) represent the total return generated from the balance sheet portfolio in the year, analysed as follows:

Investment returns	**31 March 2018 £m**	31 March 2017 £m	Change %
Interest income	**113.2**	144.7	(22%)
Other income	**7.4**	14.7	(50%)
Capital gains	**144.7**	201.4	(28%)
Investment income	**265.3**	360.8	(26%)
Asset impairments	**(25.2)**	(48.0)	(48%)
Net investment returns	**240.1**	312.8	(23%)

Interest income[1] was below the prior year due to the average interest bearing portfolio weighted more towards lower risk and lower return assets. Cash interest income has decreased to 37% (2017: 38%) of the total.

Capital gains[1] were, as expected, lower than the prior financial year when the income statement benefited from the recycling of £54.4m of capital gains from reserves on realisation of the underlying assets. Excluding this one off item, capital gains were in line with the prior year as the valuation of the portfolio benefited from the modest increase in global stock markets over the financial year and the improved performance of a number of portfolio companies.

Net realised capital gains[1] in the period were £159.8m (2017: £235.3m), of which £154.7m (2017: £150.9m) had previously been recognised as unrealised gains in the P&L with the remaining £5.1m (2017: £84.4m) recognised in the current year, including the recycling from reserves. Fair valuing the equity and warrants gave rise to a further £123.7m (2017: £112.5m) of unrealised gains in the current period. Of this, £139.6m (2017: £117.0m) is recognised in the income statement and a £15.9m unrealised loss in reserves (2017: £4.5m).

During the period we took asset specific impairments against our weaker assets of £32.6m compared to £57.6m in the last financial year. With write backs of £7.4m (2017: £9.6m), net asset impairments[1] were £25.2m (2017: £48.0m). As previously indicated, for the financial year beginning 1 April 2018 we will report our Investment Company income at a Net Investment Returns level, thereby removing asset specific impairments as a key performance indicator. This will align our reporting with that of our third party clients and reflects the total performance of our investments.

Interest expense

Interest expense[1] of £56.6m was £2.7m higher than the prior year (2017: £53.9m), due to the increase in private placement debt borrowings.

Operating expenses

Operating expenses[1] of the IC amounted to £86.2m (2017: £77.3m), of which incentive scheme costs of £64.0m (2017: £54.2m) were the largest component. The £9.8m increase is due to higher bonuses payable as a direct result of realisations. Other staff and administrative costs were £22.2m compared to £23.1m last year, a £0.9m decrease.

Group cash flow and debt

The balance sheet remains strong, with £729.7m of available cash and debt facilities at 31 March 2018. The movement in the Group's unutilised cash and debt facilities during the period is detailed as follows:

	£m
Headroom at 31 March 2017	970.8
Bank facilities matured	(42.6)
Movement in cash	(242.3)
Movement in drawn debt	97.9
FX	(54.1)
Headroom at 31 March 2018	**729.7**

Total drawn debt at 31 March 2018 was £1,021m compared to £1,119m at 31 March 2017, with unencumbered cash of £248m compared to £490m at 31 March 2017. The movement in unencumbered cash in the year of £242.3m reflects that this has been a strong year for deployment for our funds and balance sheet, compared with the prior year which saw a high level of realisations.

Capital position

Shareholders' funds increased by £145.0m to £1,317.6m (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 31 March 2018 decreased to 0.77x from 0.95x at 31 March 2017. Access to permanent capital enables us to accelerate growth by investing in the development of new scalable strategies. With a number of new ideas in the pipeline we expect gearing to increase during the new financial year.

Principal risks and uncertainties

Effective risk management provides the framework within which we can successfully delivery our strategic priorities.

Risk management is the responsibility of the Board and is integral to the ability of the Group to deliver on its strategic priorities. The Board is responsible for setting the risk appetite of the Group, defining and monitoring the risk culture and establishing and maintaining appropriate systems and controls to manage key risks. A robust risk management framework has been implemented to support this.

The Group's risk management framework is overseen by the Risk Committee under delegation from the Board. The Risk Committee also considers the effectiveness of the internal control environment to manage the principal risks faced by the Group.

Identifying principal and emerging risks

The Risk Committee determines the principal risks through a consideration of the strategy and operating environment of the Group (top down review) and an analysis of individual processes and procedures (bottom up review). The principal risks to the Group are updated at least annually and recommended to the Board by the Risk Committee.

The top down review focuses on identifying those principal risks that could threaten the business model, future performance, capital or liquidity of the business. In identifying these risks, consideration is given to principal risks identified by other asset managers in the sector, relevant regulatory expectations and external developments. This review also considers any relevant emerging risks.

The bottom up assessment encompasses the identification, management and monitoring of risks in each area of the business. The infrastructure and in house distribution teams maintain detailed risk registers which are regularly reviewed, updated and challenged by the Chief Risk Officer (CRO) and the Operational Risk Group (ORG). In addition, the Group's Investment Committees, Commercial and Operational steering committees and Performance Review meetings provide oversight of risks related to the activities of the Group. This process ensures risk management responsibilities are embedded in the business' first line operations.

Executive responsibility for each principal risk is reviewed and agreed. The Board and the Risk Committee consider their appetite for risk across the business and establish the level of acceptable risk for each of the principal risks. Key risk indicators are set and these are monitored by the Risk Committee. The Risk Committee also considers any risk mitigation plans.

The Directors confirm that they have undertaken a robust assessment of principal risks in line with the requirements of the UK Corporate Governance Code. Supplier Management was added as a principal risk of the Group during the year.

Emerging risks are regularly considered to assess any potential impact on the Group and to determine whether any actions are required. Emerging risks include those related to regulatory/legislative change and macroeconomic and political change, which in the current year have included the ongoing developments in respect of the UK's decision to leave the European Union.

The Group considers its principal risks across three categories:

1. Strategic and business risks - The risk of failing to deliver on our strategic objectives resulting in a negative impact on investment performance and Group profitability.

2. Market, credit and liquidity risks - The risk of an adverse impact on the Group due to market fluctuations, counterparty failure or having insufficient resources to meet financial obligations.

3. Operational risks - The risk of loss or missed opportunity, resulting from a regulatory or legislative failure or inadequate or failed internal processes, people or systems.

Reputational risk is seen as an outcome of the principal risks materialising. Reputation and brand risk is carefully managed as part of the risk management framework.

Relative willingness to tolerate risk (Risk appetite

The Board acknowledges and recognises that in the normal course of business the Group is exposed to risk and that it is willing to accept a level of risk in managing the business to achieve its strategic priorities. As part of its risk management framework, the Board sets the risk appetite in relation to each principal risk and monitors this via key agreed risk indicators and risk tolerances. Where a risk is approaching or is outside the tolerance set, the Board will consider the appropriateness of actions being taken to manage the risk.

Principal Risk	Impact	Key Risk Indicator	Key Controls And Mitigation	Movement In The Year	Focus For FY18
Strategic And Business Risks					
1 Loss or missed opportunity as a result of major external change (including macroeconomic, political and/or competitive impact)	Adverse macroeconomic conditions could reduce the opportunity to deploy capital and impair the ability of the Group to effectively manage its portfolios, reducing the value of future management fees, investment income and performance fees. Adverse macroeconomic conditions could also reduce demand from investors for the Group's funds or create more opportunities for certain asset classes managed by the Group.	Deterioration of Group performance compared to plan. Deterioration in outlook for investment valuations or loan impairment rates.	The Board regularly receives detailed market reports, reviewing the latest developments in the Group's key markets. The Investment Committees receive ongoing detailed and specific market reviews for each investment, including valuations and impairments. The Board receives regular updates on external political/economic developments. The business model is based on long term investment in illiquid funds, therefore fee streams are 'locked-in'. This provides some mitigation against market downturn.	During the year this risk has remained elevated due to ongoing political uncertainty. To help mitigate the risk associated with Brexit ICG has received regulatory approval and established a Luxembourg licensed entity to ensure the Group maintains access to European Union investors.	This risk will remain a key area of focus due to the political uncertainties in the UK and as part of the Brexit negotiations. In addition we remain vigilant to the potential impact of global trade wars, economic uncertainties e.g. inflation expectations and the withdrawal of liquidity.

Principal Risk	Impact	Key Risk Indicator	Key Controls And Mitigation	Movement In The Year	Focus For FY18
2 Failure to maintain acceptable relative investment performance	Failure to maintain acceptable relative performance in the funds may result in a failure to raise new funds, reducing the Group's long term income and ability to invest in future growth. Investors in open ended funds may reduce or cancel their commitments, reducing AUM and fund management fees. In the short term, fund underperformance may result in lower performance fees in the FMC. For the IC this may result in a lower return on assets as the IC is exposed to credit risk through its co-investments with, and its investments in, funds.	Performance of closed end funds compared to performance hurdles. Performance of capital market strategies compared to benchmark. Performance of CLOs including the ability to pay dividends to equity holders. Deterioration in outlook for investment valuations or loan impairment rates.	The Group has disciplined investment policies, and all investments are selected and regularly monitored by the Group's Investment Committees. Rigorous credit research and procedures are applied both before and during the period of investment. The Group limits the extent of credit and market risk by diversifying its portfolio assets by sector, size and geography. Oversight and routine contact with the major portfolio investments supports the delivery of both capital preservation and anticipated returns. ICG's investments via its balance sheet are also regularly monitored.	There have been no material changes in the Group's investment markets during the year which would lead the Board to consider that this risk has changed. Investment performance remains positive across all key asset classes.	Maintaining a robust investment process and investment discipline.
3 Failure to raise new third party funds	A failure to raise new funds would reduce the Group's long term income and ability to launch new strategies.	Forecast fund inflows.	The Group has built dedicated fundraising and scalable infrastructure teams to grow and diversify its institutional client base by geography and type. The Group has expanded its product portfolio to address a range of investor requirements and continues to build a strong product pipeline.	Investor sentiment remains supportive of the Group's strategies but the fundraising environment is highly competitive. During the year the Group has seen positive momentum and delivered above its target for raising third party funds. The Group announced in January 2018 that it has raised its fundraising target to an average of €6bn a year from €4bn.	Maintaining discipline on fees and terms. Diversification of risk by selectively expanding the portfolio of investment strategies. Continuing to grow existing and new strategies.

Principal Risk	Impact	Key Risk Indicator	Key Controls And Mitigation	Movement In The Year	Focus For FY18
4 Failure to deploy committed capital in a timely manner	Failure to deploy capital reduces the value of future management fees, investment income and performance fees. There is also a negative impact on investment performance and the ability to raise new funds.	The proportion of direct investment funds behind their investment pace.	The rate of investment is kept under review by the Investment Committees and senior management to ensure acceptable levels are maintained in current market conditions.	In a highly competitive environment, capital deployment for the larger strategies remains ahead of plan.	Maintaining investment discipline and local presence. Closely monitoring external market developments and opportunities.
Market, Credit and Liquidity Risks					
5 Loss as a result of adverse market fluctuations arising primarily from exposure to interest rates and foreign exchange rates	Volatility in currency and interest rates leads to changes in the value of the assets and liabilities of the Group and, to the extent that these are unhedged, will impact on the financial performance of the Group. Volatility in currency and interest rates may impact on fund performance which may result in a failure to raise new funds, reducing the Group's long term income and ability to invest in future growth.	Within Treasury Policy hedging thresholds and no material breach of interest rate covenant.	The Group has a policy which seeks to ensure that any non Sterling income, expenditure, assets and liabilities are appropriately hedged and that the residual exposure to market risk is managed to minimise short term volatility in the financial results of the Group. This is reviewed annually. Currency and interest rate exposures are reported monthly and reviewed by the Group's Treasury Committee. Portfolio credit risk is included in Principal Risk 2 above.	During the year the Group has updated and applied its hedging policy consistently.	Market volatility as a result of political/economic uncertainties, including the developments relating to Brexit. Continued focus on enhancing FX systems and controls.

Principal Risk	Impact	Key Risk Indicator	Key Controls And Mitigation	Movement In The Year	Focus For FY18
6 Loss as a result of exposure to a failed counterparty	The Group uses derivatives to hedge market risk on its balance sheet. By entering into these derivatives the Group is exposed to counterparty credit risk. The Group's counterparties are national or multinational banks. Should a financial counterparty of the Group fail, the Group would be exposed to loss.	Counterparty exposure above the Treasury Policy limits.	The Group has a policy which seeks to ensure that any counterparty exposures are managed within levels agreed with the Board. This is reviewed annually. Actual counterparty exposures are reported monthly and reviewed by the Group's Treasury Committee.	During the year the Group has updated and applied its policy to manage counterparty credit risk consistently.	Ongoing monitoring of counterparty exposures.
7 Failure to meet the Group's financial obligations as they fall due	An ongoing failure to refinance its liabilities could result in the Group failing to meet its payment obligations as they fall due. As a result the Group would not be a going concern.	Forecast breach of financing principles.	The Group has a policy which seeks to ensure that debt funding is obtained from diversified sources and that the repayment profile is managed to minimise material repayment events. The profile of the debt facilities available to the Group is reviewed frequently by the Treasury Committee.	ICG's committed bank facilities being re-negotiated to extend the maturity reduce cost and minimise refinancing risks.	Continued focus on balance sheet efficiency Regulatory capital requirements.

Principal Risk	Impact	Key Risk Indicator	Key Controls And Mitigation	Movement In The Year	Focus For FY18
Operational Risks					
8 Loss of a 'key Person' and inability to retain/recruit into key roles	Breach of any 'Key Person' clause could result in the Group having to stop making investments for the relevant fund or may impair the ability of the Group to raise new funds if not resolved in a timely manner. Loss of a key employee to the Group's fund management business or a critical infrastructure role could impair the Group's ability to deliver its strategic objectives as planned if that role is not filled in a timely manner.	Loss of a Key Person on a material fund. Loss of key employee without appropriate/timely internal succession. Employee engagement survey feedback. Recruitment and retention rates.	The Group rewards its investment professionals and other key employees in line with market practice. Senior investment professionals typically receive long term incentives and are able to participate in carried interest. The Group periodically engages external consultants to benchmark the rewards offered by the Group to ensure they remain attractive and competitive. The feedback from the employee engagement survey is also considered. The Group has succession plans in place for key employees. These are reviewed by the Nominations and Governance Committee of the Board. The Group has an appraisal and development process for all its employees to ensure that individuals remain sufficiently motivated and appropriately competent to ensure the ongoing operation and development of the business.	There was no significant impact in the year as a result of the loss of any employee. However staff attrition has increased and the recruitment market remains challenging for talent. The planned change of the Chief Executive Officer was completed smoothly after the AGM in July 2017 with the internal successor taking over. For a period of time the departing Chief Executive continued to be a 'key person' on a few funds. This arrangement ended before 31 March 2018.	Managing the impact of the UK's departure from the European Union on our workforce. Continued focus on succession planning and managing 'key person' fund clause requirements.

Principal Risk	Impact	Key Risk Indicator	Key Controls And Mitigation	Movement In The Year	Focus For FY18
9 Negative financial or reputational impact arising from regulatory or legislative failing	The Group's reputation, ability to raise new funds and operate its fund management business would be impaired as a result of a material regulatory or legislative failing. Adverse regulatory change could impact the ability of the Group to deliver its strategy in areas such as people risk, deploying capital, raising new AUM.	Number and significance of any regulatory or legislative breaches. Identification and delivery of all material regulatory/legislative change.	The Group has a governance structure in place, supported by a risk framework that allows for the identification, control and mitigation of material regulatory/legislative risks resulting from the geographical and product diversity of the Group. The adequacy of the systems and controls the Group has in place to comply with the regulations and to mitigate the risks that these represent is periodically assessed. This includes a tailored compliance monitoring programme that specifically addresses regulatory and reputational risks. Horizon scanning for relevant regulatory/legislative change is a key part of the Legal and Compliance process and external advisors are used to support this.	During the year the Group has continued to enhance its processes and controls in order to remain compliant with current and expected legislation. Changes resulting from MiFID II have been implemented where relevant and we continue to monitor/implement future proposed changes such as GDPR and SMCR.	General Data Protection Regulation (GDPR), Capital Requirements Directive V (CRD V) and the Senior Managers and Certification Regime (SMCR) will remain key areas of focus.

Principal Risk	Impact	Key Risk Indicator	Key Controls And Mitigation	Movement In The Year	Focus For FY18
10 Technology/ information security inadequate or fails to adapt to changing business requirements and/or external threats	The Group's ability to deliver on its strategic objectives relies on technology and information security which adapts to changing business demands and external threats. Failure to deliver an appropriate technology platform may impact the Group's reputation, and its ability to raise new funds and operate its fund management business.	Any material breach, attempted breach or severe disruption due to systems/data security failure. Any material loss or reputational damage arising from external threats. Service availability.	Application of the Group's information security policies is supported by a governance structure and a risk framework that allows for the identification, control and mitigation of technology risks. The adequacy of the systems and controls the Group has in place to mitigate the technology risks is continuously monitored and subject to regular testing. The effectiveness of the framework is periodically assessed.	The ongoing evolution of external threats has resulted in an increase in risk to the Group. In response, the Group has continued to improve its systems and controls to identify and manage technology and information security risks. During the year there continued to be a high level of focus on cyber security and disaster recovery.	The implementation of the GDPR requirements, cyber security and the continued enhancements to business continuity planning and disaster recovery processes remain key areas of focus. .

Principal Risk	Impact	Key Risk Indicator	Key Controls And Mitigation	Movement In The Year	Focus For FY18
11 Loss or missed opportunities arising from failure of key business processes, including valuations, financial reporting and external reporting	The Group's ability to raise new funds and operate its fund management business would be impaired as a result of the failure of key business processes. Moreover, failure to maintain adequate processes and internal controls over financial reporting and related activities could result in significant losses and/or regulatory penalties or other claims.	Any failure of business process resulting in significant business disruption, financial or reputational damage. Increased incidents of processing failures or delays, or over reliance on detective, higher level monitoring or audit validation controls.	Control procedures are in place to ensure that key business processes are identified, documented and monitored. The effectiveness and efficiency of the control framework for key business processes are subject to periodic review by management, the Chief Risk Officer, and Internal Audit, and corresponding oversight by the Risk and Audit Committees of the Board.	There were no significant business process failures or material control weaknesses identified during the year. The volume of business change remains high.	Focus continues on enhancing processes to support the growth of the business. Particular focus will be given to enhancements to the processes for the open-ended strategies. Specific enhancements to be introduced to the liquid credit funds business area.
12 Loss or missed opportunities arising from a failure to adequately select/manage key third party suppliers.	The Group's ability to raise new funds and operate its fund management business would be impaired as a result of the failure to select/manage key third party suppliers.	Any failure of business process resulting in significant business disruption, financial or reputational damage.	Control procedures including appropriate due diligence, monitoring and oversight are in place to ensure supplier management is effectively carried out.	There were no significant business process failures during the year.	Oversight of third party service providers.

Responsibility statement

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2018. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the Board of Directors on 21 May 2018 and is signed on its behalf by:

Benoit Durteste CEO	Philip Keller CFOO

Consolidated Income Statement

For the year ended 31 March 2018

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Fee and other operating income	**157.2**	134.1
Finance and dividend income	**189.8**	204.2
Net gains on investments	**253.0**	286.8
Total revenue	**600.0**	625.1
Finance costs	**(166.4)**	(153.4)
Impairments	**(18.8)**	(25.3)
Administrative expenses	**(216.0)**	(194.3)
Share of results of joint ventures accounted for using equity method	**0.3**	0.3
Profit before tax	**199.1**	252.4
Tax credit/(charge)	**51.7**	(34.2)
Profit for the year	**250.8**	218.2

Attributable to		
Equity holders of the parent	**251.0**	217.8
Non controlling interests	**(0.2)**	0.4
	250.8	218.2

Earnings per share	**88.8p**	74.5p
Diluted earnings per share	**88.8p**	74.5p

All activities represent continuing operations.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2018

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Profit for the year	**250.8**	218.2
Items that may be reclassified subsequently to profit or loss		
Available for sale financial assets:		
- Losses arising in the year	**(14.6)**	(2.6)
- Reclassification adjustment for net losses/(gains) recycled to profit	**4.6**	(45.7)
- Tax on items taken directly to or transferred from equity	**3.0**	9.1
	(7.0)	(39.2)
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(19.6)**	23.0
Tax on items taken directly to or transferred from equity	**4.9**	(2.8)
	(14.7)	20.2
Total comprehensive income for the year	**229.1**	199.2

Consolidated Statement of Financial Position

As at 31 March 2018

	31 March 2018 £m	31 March 2017 £m
Non current assets		
Intangible assets	**18.0**	20.7
Property, plant and equipment	**10.5**	9.2
Investment in joint venture accounted for under the equity method	**1.7**	1.3
Financial assets measured at fair value	**5,068.5**	4,667.4
Financial assets measured at amortised cost	**171.1**	218.0
Derivative financial assets	**3.2**	6.4
Deferred tax asset	**-**	0.3
	5,273.0	4,923.3
Current assets		
Trade and other receivables	**312.1**	208.3
Financial assets: loans and investments	**107.2**	89.7
Derivative financial assets	**80.0**	40.3
Current tax debtor	**13.4**	33.7
Cash and cash equivalents	**520.7**	780.9
	1,033.4	1,152.9
Total assets	**6,306.4**	6,076.2
Equity and reserves		
Called up share capital	**77.2**	77.1
Share premium account	**179.4**	179.0
Other reserves	**6.2**	20.1
Retained earnings	**1,054.8**	896.4
Equity attributable to owners of the Company	**1,317.6**	1,172.6
Non controlling interest	**0.5**	0.7
Total equity	**1,318.1**	1,173.3
Non current liabilities		
Provisions	**1.2**	1.3
Financial liabilities	**4,149.6**	4,304.9
Derivative financial liabilities	**76.8**	33.6
Deferred tax liabilities	**8.9**	77.0
	4,236.5	4,416.8
Current liabilities		
Provisions	**0.5**	0.7
Trade and other payables	**555.3**	464.8
Financial liabilities	**183.7**	-
Current tax creditor	**10.8**	14.0
Derivative financial liabilities	**1.5**	6.6
	751.8	486.1
Total liabilities	**4,988.3**	4,902.9
Total equity and liabilities	**6,306.4**	6,076.2

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Operating activities		
Interest received	**191.1**	232.4
Fees received	**139.1**	140.4
Dividends received	**154.5**	158.5
Payments to suppliers and employees	**(190.3)**	(135.9)
Proceeds from sale of current financial assets	**276.8**	374.6
Purchase of current financial assets	**(368.0)**	(220.9)
Purchase of loans and investments	**(3,914.3)**	(2,344.6)
Proceeds from sale of loans and investments - principal	**3,378.6**	1,867.4
Recoveries on previously impaired assets	**2.4**	-
Net cash outflow from derivative contracts	**(28.7)**	(150.2)
Cash (used in)/generated from operations	**(358.8)**	(78.3)
Taxes received/(paid)	**12.5**	(7.7)
Net cash (used in)/generated from operating activities	**(346.3)**	(86.0)
Investing activities		
Purchase of property, plant and equipment	**(4.2)**	(4.1)
Net cash used in investing activities	**(4.2)**	(4.1)
Financing activities		
Dividends paid	**(80.7)**	(270.9)
Interest paid	**(188.5)**	(149.4)
Increase in long term borrowings	**1,578.3**	1,931.1
Repayment of long term borrowings	**(1,208.9)**	(807.9)
Purchase of remaining 49% of Longbow Real Estate Capital LLP	**-**	(41.7)
Purchase of own shares	**(26.2)**	(23.6)
Proceeds on issue of shares	**0.6**	1.5
Net cash generated from financing activities	**74.6**	639.1
Net (decrease)/increase in cash	**(275.9)**	549.0
Cash and cash equivalents at beginning of year	**780.9**	182.5
Effect of foreign exchange rate changes	**15.7**	49.4
Net cash and cash equivalents at end of year	**520.7**	780.9

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments reserve £m	Available for sale reserve £m	Own shares £m	Foreign currency translation reserve £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)**	**30.8**	**896.4**	**1,172.6**	**0.7**	**1,173.3**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**251.0**	**251.0**	**(0.2)**	**250.8**
Available for sale financial assets	**-**	**-**	**-**	**-**	**(10.0)**	**-**	**-**	**-**	**(10.0)**	**-**	**(10.0)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**(19.6)**	**-**	**(19.6)**	**-**	**(19.6)**
Tax on items taken directly to or transferred from equity	**-**	**-**	**-**	**4.9**	**3.0**	**-**	**-**	**-**	**7.9**	**-**	**7.9**
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**4.9**	**(7.0)**	**-**	**(19.6)**	**251.0**	**229.3**	**(0.2)**	**229.1**
Own shares acquired in the year	**-**	**-**	**-**	**-**	**-**	**(26.2)**	**-**	**-**	**(26.2)**	**-**	**(26.2)**
Options/awards exercised	**0.1**	**0.4**	**-**	**(18.9)**	**-**	**30.8**	**-**	**(11.9)**	**0.5**	**-**	**0.5**
Credit for equity settled share schemes	**-**	**-**	**-**	**22.1**	**-**	**-**	**-**	**-**	**22.1**	**-**	**22.1**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(80.7)**	**(80.7)**	**-**	**(80.7)**
Balance at 31 March 2018	**77.2**	**179.4**	**5.0**	**61.9**	**5.7**	**(77.6)**	**11.2**	**1,054.8**	**1,317.6**	**0.5**	**1,318.1**

	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments reserve £m	Available for sale reserve £m	Own shares £m	Foreign currency translation reserve £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)	7.8	955.3	1,241.2	0.9	1,242.1
Profit for the year	-	-	-	-	-	-	-	217.8	217.8	0.4	218.2
Available for sale financial assets	-	-	-	-	(48.3)	-	-	-	(48.3)	-	(48.3)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	23.0	-	23.0	-	23.0
Tax on items taken directly to or transferred from equity	-	-	-	(2.8)	9.1	-	-	-	6.3	-	6.3
Total comprehensive (expense)/income for the year	-	-	-	(2.8)	(39.2)	-	23.0	217.8	198.8	0.4	199.2
Movement in control of subsidiary	-	-	-	-	-	-	-	0.6	0.6	(0.6)	-
Own shares acquired in the year	-	-	-	-	-	(23.7)	-	-	(23.7)	-	(23.7)
Options/awards exercised	0.1	1.4	-	(12.1)	-	18.5	-	(6.4)	1.5	-	1.5
Credit for equity settled share schemes	-	-	-	25.1	-	-	-	-	25.1	-	25.1
Dividends paid	-	-	-	-	-	-	-	(270.9)	(270.9)	-	(270.9)
Balance at 31 March 2017	77.1	179.0	5.0	53.8	12.7	(82.2)	30.8	896.4	1,172.6	0.7	1,173.3

Notes to the Financial Statements

For the year ended 31 March 2018

1. Basis of preparation

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 March 2018 or 2017. The financial information for the years ended 31 March 2018 and 2017 is derived from the statutory accounts for those years. The statutory accounts for 2017 have been delivered to the Registrar of Companies and those for 2018 will be delivered to the Registrar of Companies following the Company’s Annual General Meeting. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s498(2) or (3) Companies Act 2006.

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 Company expects to publish full financial statements that comply with IFRSs in June 2018.

2. 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 Directors.

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.

Notes to the Financial Statements continued

For the year ended 31 March 2018

Analysis of income and profit before tax as internally reported

Year ended 31 March 2018	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Total £m
External fee income	**93.0**	**34.9**	**18.5**	**20.7**	**167.1**	**-**	**167.1**
Inter-segmental fee	**11.9**	**3.2**	**1.3**	**1.4**	**17.8**	**(17.8)**	**-**
Fund management fee income	**104.9**	**38.1**	**19.8**	**22.1**	**184.9**	**(17.8)**	**167.1**
Other operating income					**-**	**6.8**	**6.8**
Gains on investments					**-**	**144.7**	**144.7**
Interest income					**-**	**113.2**	**113.2**
Dividend income					**25.2**	**0.6**	**25.8**
					210.1	**247.5**	**457.6**
Interest expense					**-**	**(56.6)**	**(56.6)**
Net fair value loss on derivatives					**-**	**(6.5)**	**(6.5)**
Impairment					**-**	**(25.2)**	**(25.2)**
Staff costs					**(42.1)**	**(11.1)**	**(53.2)**
Incentive scheme costs					**(40.8)**	**(64.0)**	**(104.8)**
Other administrative expenses					**(31.9)**	**(11.1)**	**(43.0)**
Profit before tax					**95.3**	**73.0**	**168.3**

Year ended 31 March 2017	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Total £m
External fee income	78.2	23.7	21.9	14.8	138.6	-	138.6
Inter-segmental fee	12.7	2.1	1.7	1.6	18.1	(18.1)	-
Fund management fee income	90.9	25.8	23.6	16.4	156.7	(18.1)	138.6
Other operating income					-	8.0	8.0
Gains on investments					-	201.4	201.4
Interest income					(0.2)	144.7	144.5
Dividend income					23.2	6.7	29.9
					179.7	342.7	522.4
Interest expense					-	(53.9)	(53.9)
Net fair value loss on derivatives					-	(1.3)	(1.3)
Impairment					-	(48.0)	(48.0)
Staff costs					(39.0)	(14.4)	(53.4)
Incentive scheme costs					(33.8)	(54.2)	(88.0)
Other administrative expenses					(32.9)	(8.7)	(41.6)
Profit before tax					74.0	162.2	236.2

Notes to the Financial Statements continued

For the year ended 31 March 2018

Reconciliation of financial statements reported to the Executive Directors 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 American 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. Also included within this adjustment is 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.

Consolidated Income Statement

Year ended 31 March 2018	**Internally reported £m**	**Reclass of interest to dividends and gains £m**	**Consolidated structured entities £m**	**Financial statements £m**
- Fund management fee income	167.1	-	(19.6)	147.5
- Other operating income	6.8	-	2.9	9.7
Fee and other operating income	**173.9**	-	**(16.7)**	**157.2**
- Interest income	113.2	(82.8)	156.3	186.7
- Dividend income	25.8	0.8	(23.5)	3.1
Finance and dividend income	**139.0**	**(82.0)**	**132.8**	**189.8**
Gains on investments	**144.7**	**75.6**	**32.7**	**253.0**
Total Revenue	**457.6**	**(6.4)**	**148.8**	**600.0**
- Interest expense	(56.6)	-	(104.2)	(160.8)
- Net fair value (loss)/gain on derivatives	(6.5)	-	0.9	(5.6)
Finance costs	**(63.1)**	**-**	**(103.3)**	**(166.4)**
Impairment	**(25.2)**	**6.4**	**-**	**(18.8)**
- Staff costs	(53.2)	-	2.1	(51.1)
- Incentive scheme costs	(104.8)	-	-	(104.8)
- Other administrative expenses	(43.0)	-	(17.1)	(60.1)
Administrative expenses	**(201.0)**	-	**(15.0)**	**(216.0)**
Share of results of joint venture accounted for using equity method	**-**	**-**	**0.3**	**0.3**
Profit before tax	**168.3**	**-**	**30.8**	**199.1**
Tax credit/(charge)	55.7	-	(4.0)	51.7
Profit after tax	**224.0**	**-**	**26.8**	**250.8**

Notes to the Financial Statements continued

For the year ended 31 March 2018

Consolidated Income Statement

Year ended 31 March 2017	Internally reported £m	Reclass of interest to dividends and gains £m	Consolidated structured entities £m	Financial statements £m
- Fund management fee income	138.6	-	(15.9)	122.7
- Other operating income	8.0	-	3.4	11.4
Fee and other operating income	**146.6**	**-**	**(12.5)**	**134.1**
- Interest income	144.5	(77.3)	130.6	197.8
- Dividend income	29.9	3.3	(26.8)	6.4
Finance and dividend income	**174.4**	**(74.0)**	**103.8**	**204.2**
Gains on investments	**201.4**	**51.3**	**34.1**	**286.8**
Total revenue	**522.4**	**(22.7)**	**125.4**	**625.1**
- Interest expense	(53.9)	-	(99.0)	(152.9)
- Net fair value (loss)/gain on derivatives	(1.3)	-	0.8	(0.5)
Finance costs	**(55.2)**	**-**	**(98.2)**	**(153.4)**
Impairment	**(48.0)**	**22.7**	**-**	**(25.3)**
- Staff costs	(53.4)	-	2.1	(51.3)
- Incentive scheme costs	(88.0)	-	-	(88.0)
- Other administrative expenses	(41.6)	-	(13.4)	(55.0)
Administrative expenses	**(183.0)**	**-**	**(11.3)**	**(194.3)**
Share of results of joint venture accounted for using equity method	**-**	**-**	**0.3**	**0.3**
Profit before tax	**236.2**	**-**	**16.2**	**252.4**
Tax credit/(charge)	(34.9)	-	0.7	(34.2)
Profit after tax	**201.3**	**-**	**16.9**	**218.2**

For the year ended 31 March 2018

Consolidated Statement of Financial Position

31 March 2018	Internally reported £m	Consolidated structured entities £m	Financial Statements £m
Non current financial assets	**1,898.5**	**3,342.8**	**5,241.3**
Other non current assets	**28.8**	**2.9**	**31.7**
Cash	**248.0**	**272.7**	**520.7**
Current financial assets	**107.2**	**-**	**107.2**
Other current assets	**244.7**	**160.8**	**405.5**
Total assets	**2,527.2**	**3,779.2**	**6,306.4**
Non current financial liabilities	**840.5**	**3,309.1**	**4,149.6**
Other non current liabilities	**81.9**	**5.0**	**86.9**
Current financial liabilities	**183.7**	**-**	**183.7**
Other current liabilities	**188.1**	**380.0**	**568.1**
Total liabilities	**1,294.2**	**3,694.1**	**4,988.3**
Equity	**1,233.0**	**85.1**	**1,318.1**
Total equity and liabilities	**2,527.2**	**3,779.2**	**6,306.4**

31 March 2017	Internally reported £m	Reclass of interest to gains £m	Consolidated structured entities £m	Financial Statements £m
Non current financial assets	1,711.6	1.1	3,174.0	4,886.7
Other non current assets	36.6	-	-	36.6
Cash	490.3	-	290.6	780.9
Current financial assets	89.7	-	-	89.7
Other current assets	172.9	(1.1)	110.5	282.3
Total assets	2,501.1	-	3,575.1	6,076.2
Non current financial liabilities	1,121.5	-	3,183.4	4,304.9
Other non current liabilities	106.5	-	5.4	111.9
Other current liabilities	158.8	-	327.3	486.1
Total liabilities	1,386.8	-	3,516.1	4,902.9
Equity	1,114.3	-	59.0	1,173.3
Total equity and liabilities	2,501.1	-	3,575.1	6,076.2

Notes to the Financial Statements continued

For the year ended 31 March 2018

Consolidated Statement of Cash Flows

31 March 2018	Internally reported £m	Reclass of dividends from realisations £m	Consolidated structured entities £m	Financial Statements £m
Interest received	73.0	(26.9)	145.0	191.1
Fees received	151.1	(0.6)	(11.4)	139.1
Dividends received	25.8	152.3	(23.6)	154.5
Payments to suppliers and employees	(172.1)	-	(18.2)	(190.3)
Proceeds from sale of current financial assets	276.8	-	-	276.8
Purchase of current financial assets	(368.0)	-	-	(368.0)
Purchase of loans and investments	(572.4)	-	(3,341.9)	(3,914.3)
Proceeds from sale of loans and investments	534.8	(124.8)	2,968.6	3,378.6
Recoveries on previously impaired assets	2.4	-	-	2.4
Net cash flow from derivatives	(29.2)	-	0.5	(28.7)
Cash used in operating activities	(77.8)	-	(281.0)	(358.8)
Taxes received	12.5	-	-	12.5
Net cash used in operating activities	(65.3)	-	(281.0)	(346.3)
Net cash used in investing activities	(4.2)	-	-	(4.2)
Dividends paid	(80.7)	-	-	(80.7)
Interest paid	(54.7)	-	(133.8)	(188.5)
Increase in long term borrowings	(45.8)	-	1,624.1	1,578.3
Repayment of long term borrowings	-	-	(1,208.9)	(1,208.9)
Purchase of own shares	(26.2)	-	-	(26.2)
Proceeds on issue of shares	0.6	-	-	0.6
Net cash (used in)/generated from financing activities	(206.8)	-	281.4	74.6
Net (decrease)/increase in cash	(276.3)	-	0.4	(275.9)
Cash and cash equivalents at beginning of year	490.3	-	290.6	780.9
Effect of foreign exchange rate changes	33.9	-	(18.2)	15.7
Cash and cash equivalent at end of year	247.9	-	272.8	520.7

For the year ended 31 March 2018

31 March 2017	Internally reported £m	Reclass of dividends from realisations £m	Consolidated structured entities £m	Financial Statements £m
Interest received	142.3	(36.7)	126.8	232.4
Fees received	148.9	-	(8.5)	140.4
Dividends received	29.8	159.1	(30.4)	158.5
Payments to suppliers and employees	(115.0)	-	(20.9)	(135.9)
Proceeds from sale of current financial assets	374.6	-	-	374.6
Purchase of current financial assets	(220.9)	-	-	(220.9)
Purchase of loans and investments	(366.0)	-	(1,978.6)	(2,344.6)
Proceeds from sale of loans and investments	716.5	(122.4)	1,273.3	1,867.4
Net cash outflow from derivative contracts	(132.1)	-	(18.1)	(150.2)
Cash generated from/(used in) operating activities	578.1	-	(656.4)	(78.3)
Taxes paid	(7.7)	-	-	(7.7)
Net cash generated from/(used in) operating activities	570.4	-	(656.4)	(86.0)
Net cash used in investing activities	(4.1)	-	-	(4.1)
Dividends paid	(270.9)	-	-	(270.9)
Interest paid	(53.0)	-	(96.4)	(149.4)
Increase in long term borrowings	523.4	-	1,407.7	1,931.1
Repayment of long term borrowings	(342.0)	-	(465.9)	(807.9)
Purchase of remaining 49% of Longbow Real Estate Capital LLP	(41.7)	-	-	(41.7)
Purchase of own shares	(23.6)	-	-	(23.6)
Proceeds on issue of shares	1.5	-	-	1.5
Net cash (used in)/generated from financing activities	(206.3)	-	845.4	639.1
Net increase in cash	360.0	-	189.0	549.0
Cash and cash equivalent at beginning of year	112.7	-	69.8	182.5
FX impact on cash	17.6	-	31.8	49.4
Cash and cash equivalent at end of year	490.3	-	290.6	780.9

3. Dividends

The proposed final ordinary dividend for the year ended 31 March 2018 is 21.0 pence per share (2017: 19.5 pence per share), which will amount to £59.4m (2017: £54.7m). The total dividend in respect of the year ended 31 March 2018 was 30.0 pence per share (2017: 27.0 pence per share)

Of the £80.7m (2017: £70.9m) of ordinary dividends paid during the year, £1.4m were reinvested under the dividend reinvestment plan that was offered to shareholders (2017: £1.2m). A special dividend of £200m was paid in the prior year, which amounted to 63.4 pence per share.

For the year ended 31 March 2018

4. Earnings per share

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to the equity holders of the Parent	**251.0**	217.8
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**282,649,240**	292,255,497
Effect of dilutive potential ordinary share options	**25,601**	13,654
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**282,674,841**	292,269,151
Earnings per share	**88.8p**	74.5p
Diluted earnings per share	**88.8p**	74.5p

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	-	2,872,221
Options/awards exercised	-	(4,880,183)
Shares issued	151,704	-
As at 31 March 2018	**294,055,428**	**11,355,766**

5. Tax (credit) / expense

Analysis of tax on ordinary activities	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Current tax		
Current year	**(6.4)**	11.6
Prior year adjustment	**14.6**	(9.7)
	8.2	1.9
Deferred tax		
Current year	**(41.4)**	26.8
Prior year adjustment	**(18.5)**	5.5
	(59.9)	32.3
Tax(credit)/charge on profit on ordinary activities	**(51.7)**	34.2

Notes to the Financial Statements continued

For the year ended 31 March 2018

	Year ended 31 March 2018 £m	Year ended 31 March 2017 £m
Profit on ordinary activities before tax	**199.1**	252.4
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (2017: 20%)	**37.8**	50.5
Effects of:		
Prior year adjustment to current tax	**14.6**	(9.7)
Prior year adjustment to deferred tax	**(18.6)**	5.5
Non-taxable and non-deductible items	**-**	3.4
Current year provision (credit)/charge for tax risks	**(27.1)**	2.9
Different tax rates of overseas subsidiaries	**(38.0)**	(16.5)
Changes in statutory tax rates	**-**	(1.9)
Substantial shareholder exemption - deferred tax adjustment	**(15.4)**	-
Other temporary differences	**(5.0)**	-
Current tax (credit)/charge for the year	**(51.7)**	34.2

The effective tax rate is lower than the standard corporation tax rate of 19%. This is in part due to a significant proportion of the Investment Company's assets being invested directly into funds based outside the United Kingdom. Investment returns from these funds are paid to the Group in the form of non-taxable dividend income. This outcome is in line with other UK investment companies. The Investment Company's taxable costs can therefore be used to offset the taxable profits of our UK Fund Management business, reducing the overall Group charge.

In addition, there are two deferred tax accounting adjustments in the current year which have further reduced the tax charge:

I. Finance Act 2017 widened the definition of the 'Substantial Shareholder Exemption' rules which exempt companies from tax on the disposal of an investment in which 10% of the shares are held and certain other conditions met. As a result there are a small number of legacy assets, dating from when ICG was a principal investor, that will now qualify for SSE and be exempt from tax. As tax had previously been expected to be paid on these balances, a deferred tax liability of £15.4m had been accrued which has been released in the current year.

II. The Group has reviewed, and updated, its transfer pricing policy to reflect current business practices and in line with the OECD's 'Base Erosion and Profit Shifting' (BEPS) guidelines. The updated methodology was prepared in conjunction with our corporate tax advisers and the use of external benchmarking. Following this exercise, and in light of the Group's ongoing low risk tax status in the UK and no open enquiries elsewhere, the Directors reassessed the necessity for a tax risk provision. The Directors concluded that whilst there remains an inherent risk of challenge by UK and overseas tax authorities this was not sufficient to maintain the provision of £27.1m.

Reporting by strategic asset class

	Year ended 31 March 2018		Year ended 31 March 2017	
	AUM (€m)	**Fees (£m)**	AUM (€m)	Fees (£m)
Corporate Investments				
Management Fee Income - Corporate	**6,195**	**58.0**	6,137	56.2
Performance Fee Income - Corporate	**-**	**15.5**	-	7.3
Management Fee Income - Senior Debt	**7,364**	**17.0**	4,385	13.5
Performance Fee Income - Senior Debt	**-**	**1.7**	-	1.2
Management Fee Income - Australian Senior Loans	**314**	**0.8**	283	-
	13,873	**93.0**	10,805	78.2
IC co-investment - Corporate	**1,398**	**11.6**	1,275	11.8
IC co-investment - Senior Debt	**34**	**0.3**	38	0.3
IC co-investment - Australian Senior Loans	**-**	**-**	-	0.6
Total	**15,305**	**104.9**	12,118	90.9
Capital Market Investments				
CLOs	**5,771**	**25.6**	5,383	20.4
Managed Accounts and Pooled Funds	**1,912**	**5.7**	788	2.9
Performance Fee Income	**-**	**3.6**	-	0.4
	7,683	**34.9**	6,171	23.7
IC co-investment	**422**	**3.2**	390	2.1
Total	**8,105**	**38.1**	6,561	25.8
Real Asset Investments				
Management Fee Income	**3,509**	**20.5**	3,290	20.9
Performance Fee Income	**-**	**(2.0)**	-	1.0
	3,509	**18.5**	3,290	21.9
IC co-investment	**126**	**1.3**	126	1.7
Total	**3,635**	**19.8**	3,416	23.6
Secondary Investments				
Management Fee Income	**1,469**	**16.4**	1,551	14.5
Performance Fee Income	**-**	**4.3**	-	0.3
	1,469	**20.7**	1,551	14.8
IC co-investment	**184**	**1.4**	179	1.6
Total	**1,653**	**22.1**	1,730	16.4
Total External	**26,534**	**167.1**	21,817	138.6
Total IC co-investment	**2,164**	**17.8**	2,008	18.1
Total	**28,698**	**184.9**	23,825	156.7

Glossary

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

<table>
<tr><th>Term</th><th>Short form</th><th>Definition</th></tr>
<tr><td>Adjusted earnings per share</td><td>Adjusted EPS</td><td>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.</td></tr>
<tr><td>Adjusted Group profit before tax</td><td></td><td>Group profit before tax adjusted for the impact of the consolidated structured entities and the presentation of Nomura ICG KK and Questus Energy Pty Limited.

As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2018</th><th>2017</th></tr>
<tr><td>Profit before tax</td><td>£199.1m</td><td>£252.4m</td></tr>
<tr><td>Less consolidated structured entities</td><td>(£30.8m)</td><td>(£16.2m)</td></tr>
<tr><td>Adjusted group profit before tax</td><td>£168.3m</td><td>£236.2m</td></tr>
</table></td></tr>
<tr><td>Adjusted Investment Company profit before tax</td><td></td><td>Investment Company profit adjusted for the impact of the consolidated structured entities and the presentation of Nomura ICG KK and Questus Energy Pty Limited.

As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2018</th><th>2017</th></tr>
<tr><td>Investment Company profit before tax</td><td>£103.8m</td><td>£178.4m</td></tr>
<tr><td>Less consolidated structured entities</td><td>(£30.8m)</td><td>(£16.2m)</td></tr>
<tr><td>Adjusted Investment Company profit before tax</td><td>£73.0m</td><td>£162.2m</td></tr>
</table></td></tr>
<tr><td>Adjusted return on equity</td><td></td><td>Adjusted profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period. As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2018</th><th>2017</th></tr>
<tr><td>Adjusted profit after tax</td><td>£224.0m</td><td>£201.3m</td></tr>
<tr><td>Average shareholders' funds</td><td>£1,173.5m</td><td>£1,115.8m</td></tr>
<tr><td>Adjusted return on equity</td><td>19.1%</td><td>18.0%</td></tr>
</table></td></tr>
<tr><td>Asset Impairments</td><td></td><td>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 2 for a full reconciliation.</td></tr>
<tr><td>Assets under management</td><td>AUM</td><td>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.</td></tr>
<tr><td>Balance sheet investment portfolio</td><td></td><td>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. See note 2 for a full reconciliation.</td></tr>
<tr><td>Capital gains</td><td></td><td>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</td></tr>
</table>

<table>
<tr><td></td><td></td><td>structure, but the underlying assets are interest bearing. See note 2 for a full reconciliation.</td></tr>
<tr><td>Cash profit</td><td>PICP</td><td>Cash profit is defined as internally reported profit before tax and incentive schemes, adjusted for non-cash item.
<table>
<tr><td></td><td>2018</td><td>2017</td></tr>
<tr><td>Adjusted profit before tax</td><td>£168.3m</td><td>£236.2m</td></tr>
<tr><td>Add back incentive schemes</td><td>£104.8m</td><td>£88.0m</td></tr>
<tr><td>Other adjustments</td><td>(£18.2m)</td><td>£83.3m</td></tr>
<tr><td>Cash profit</td><td>£254.9m</td><td>£407.5m</td></tr>
</table></td></tr>
<tr><td>Dividend income</td><td></td><td>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 2 for a full reconciliation.</td></tr>
<tr><td>Earnings per share</td><td></td><td>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.</td></tr>
<tr><td>Gearing</td><td></td><td>Gearing is used by management as a measure of balance sheet efficiency. Gross borrowings, excluding the consolidated structured entities, divided by closing shareholders’ funds. Gross borrowings represent the cash amount repayable to debt providers. As at 31 March, this is calculated as follows:
<table>
<tr><td></td><td>2018</td><td>2017</td></tr>
<tr><td>Gross borrowings</td><td>£4,333m</td><td>£4,305m</td></tr>
<tr><td>Less consolidated structured entities</td><td>(£3,312m)</td><td>(£3,186m)</td></tr>
<tr><td>Adjusted gross borrowings</td><td>£1,021m</td><td>£1,119m</td></tr>
<tr><td>Shareholders’ funds</td><td>£1,318m</td><td>£1,173m</td></tr>
<tr><td>Gearing</td><td>0.77x</td><td>0.95x</td></tr>
</table></td></tr>
<tr><td>Interest expense</td><td></td><td>Interest expense excludes the cost of financing associated with the consolidated structured entities. See note 2 for a full reconciliation.</td></tr>
<tr><td>Interest income</td><td></td><td>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 2 for a full reconciliation.</td></tr>
<tr><td>Net asset value per share</td><td></td><td>Total equity from the Statement of Financial Position divided by the closing number of ordinary shares. As at 31 March, this is calculated as follows:
<table>
<tr><td></td><td>2018</td><td>2017</td></tr>
<tr><td>Total equity</td><td>£1,318m</td><td>£1,173m</td></tr>
<tr><td>Closing number of ordinary shares</td><td>282,699,662</td><td>280,539,996</td></tr>
<tr><td>Net asset value per share</td><td>466p</td><td>418p</td></tr>
</table></td></tr>
<tr><td>Net current assets</td><td></td><td>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. As at 31 March, this is calculated as follows:</td></tr>
</table>

<table>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td>2018</td><td>2017</td></tr>
<tr><td>Cash</td><td>£248.0m</td><td>£490.3m</td></tr>
<tr><td>Current financial assets</td><td>£107.2m</td><td>£89.7m</td></tr>
<tr><td>Other current assets</td><td>£244.7m</td><td>£172.9m</td></tr>
<tr><td>Current financial liabilities</td><td>(£183.7m)</td><td>-</td></tr>
<tr><td>Other current liabilities</td><td>(£188.1m)</td><td>(£158.8m)</td></tr>
<tr><td>Net current assets</td><td>£228.1m</td><td>£594.1m</td></tr>
</table>
On an IFRS GAAP basis net current assets are as follows:
<table>
<tr><td></td><td>2018</td><td>2017</td></tr>
<tr><td>Cash</td><td>£520.7m</td><td>£780.9m</td></tr>
<tr><td>Current financial assets</td><td>£107.2m</td><td>£89.7m</td></tr>
<tr><td>Other current assets</td><td>£405.5m</td><td>£282.3m</td></tr>
<tr><td>Current financial liabilities</td><td>(£183.7m)</td><td>-</td></tr>
<tr><td>Other current liabilities</td><td>(£568.1m)</td><td>(£486.1m)</td></tr>
<tr><td>Net current assets</td><td>£281.6m</td><td>£666.8m</td></tr>
</table>
</td></tr>
<tr><td>Net debt</td><td></td><td>Net debt, along with gearing, is used by management as a measure of balance sheet efficiency. Net debt includes unencumbered cash whereas gearing uses gross borrowings and is therefore not impacted by movements in cash balances.
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. As at 31 March, this is calculated as follows:
<table>
<tr><td></td><td>2018</td><td>2017</td></tr>
<tr><td>Adjusted gross borrowings</td><td>£1,021.1m</td><td>£1,119.0m</td></tr>
<tr><td>Less unencumbered cash</td><td>(£247.6m)</td><td>(£489.9m)</td></tr>
<tr><td>Net debt</td><td>£773.5m</td><td>£629.1m</td></tr>
</table>
</td></tr>
<tr><td>Net investment returns</td><td></td><td>Net investment returns is the total of interest income, capital gains, dividend and other income less asset impairments.</td></tr>
<tr><td>Operating cashflow</td><td></td><td>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. See note 2 for a full reconciliation.</td></tr>
<tr><td>Operating expenses of the Investment Company</td><td></td><td>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. See note 2 for a full reconciliation.</td></tr>
<tr><td>Operating profit margin</td><td></td><td>Fund Management Company profit divided by Fund Management Company total revenue. As at 31 March this is calculated as follows:
<table>
<tr><td></td><td>2018</td><td>2017</td></tr>
<tr><td>Fund Management Company Profit</td><td>£95.3m</td><td>£74.0m</td></tr>
<tr><td>Fund Management Company Total Revenue</td><td>£210.1m</td><td>£179.7m</td></tr>
<tr><td>Operating profit margin</td><td>45.4%</td><td>41.2%</td></tr>
</table>
</td></tr>
<tr><td>Return on equity</td><td>ROE</td><td>Profit after tax (annualised when reporting a six month period’s results) divided by average shareholders’ funds for the period.</td></tr>
<tr><td>Third party fee income</td><td></td><td>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 2 for a full reconciliation.</td></tr>
<tr><td>Weighted average fee rate</td><td></td><td>An average fee rate across all strategies based on fee earning AUM in which the fees earned are weighted based on the relative AUM.</td></tr>
</table>

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	14 June 2018
Record date	15 June 2018
Last date for dividend reinvestment election	17 July 2018
AGM and Trading statement	26 July 2018
Payment of ordinary dividend	7 August 2018
Half year results announcement	15 November 2018