Final Results

For the financial year ended 31 March 2019

Embargoed until 7:00am on 22 May 2019

ICG delivers exceptional fundraising, driving fund management profits up 51%

Intermediate Capital Group plc (ICG) announces its final results for the year ended 31 March 2019.

Highlights

- AUM up 29% on 31 March 2018 to €37.1bn, with €10.0bn of new money raised
- Third party fee earning AUM up 41% in the year to €29.6bn, resulting in third party fee income up 32%
- Fund Management Company profits up 51% to £143.8m (2018: £95.3m); average fee rates maintained, with individual fund fee rates maintained or increasing
- Adjusted Group profit before tax[1] increased 65% to £278.3m (2018: £168.3m); Group profit before tax of £182.9m (2018: £199.1m) which includes the IFRS impact of the consolidated CLOs
- Earnings per share of 63.4p (2018: 88.8p); Fund Management Company 49.0p (2018: 44.9p) and Investment Company 14.4p (2018: 43.9p)
- Final ordinary dividend up 67% to 35.0p per share; total ordinary dividends in the year up 50% to 45.0p per share, covered 2.1 times on adjusted profit
- Disciplined deployment across strategies, up 23% to €6.0bn on the prior year, with all funds on course to meet or exceed performance hurdle rates
- Outlook remains strong, with good visibility on future fundraising underpinned by a strong and diversified franchise supported by a growing institutional client base

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

“This has been an excellent year for ICG. Our disciplined investment processes and consistent investment performance have generated strong demand across a broad range of our investment strategies. Our local teams continue to originate attractive investment opportunities, while locking in returns by realising existing assets where appropriate.

While our most successful strategies continue to attract higher asset flows, we are putting in place the foundations for future growth, incubating new strategies and building out our pool of talent, and remaining alert for the opportunities any market dislocation may present.”

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

“These impressive results once again demonstrate the robustness of our business model. We are now an established and leading global alternative asset manager. Over our 30 year history we have built high levels of trust with our longstanding clients. The consistent delivery of strong investment returns for our clients results in them awarding us more mandates giving us visibility on likely fundraising success at stable fee margins. Sustainable growth and future prospects enabled the Board to recommend a 50% increase in the full year dividend.”

Financials

	31 March 2019	31 March 2018	% change
Adjusted as internally reported[1]			
Fund Management Company profit before tax	**£143.8m**	£95.3m	51%
Investment Company profit before tax	**£134.5m**	£73.0m	84%
Group profit before tax	**£278.3m**	£168.3m	65%
Earnings per share	**94.9p**	79.3p	20%
Gearing	**0.86x**	0.77x	12%
Net asset value per share	**£4.93**	£4.66	6%
IFRS Consolidated			
Fund Management Company profit before tax	**£143.8m**	£95.3m	51%
Investment Company profit before tax	**£39.1m**	£103.8m	(62%)
Group profit before tax	**£182.9m**	£199.1m	(8%)
Earnings per share	**63.4p**	88.8p	(29%)
Dividend per share in respect of the year	**45.0p**	30.0p	50%

[1] These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of the consolidation of 16 structured entities funds following the adoption of IFRS 10. Further details and a reconciliation of the numbers can be found on page 7.

Assets under management[1]

	31 March 2019	31 March 2018	% change
Third party assets under management	**€34,461m**	€26,534m	30%
Balance sheet portfolio	**€2,621m**	€2,164m	21%
Total assets under management	**€37,082m**	€28,698m	29%
Third party fee earning assets under management	**€29,626m**	€20,972m	41%

The following foreign exchange rates have been used:

	31 March 2019 Average	31 March 2018 Average	**31 March 2019 Period end**	31 March 2018 Period end
GBP:EUR	**1.1343**	1.1354	**1.1619**	1.1399
GBP:USD	**1.3090**	1.3387	**1.3038**	1.4019

Enquiries

A presentation for investors and analysts will be held at 09:00 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 09:00 BST on our website via the Webcast link under Latest Results https://www.icgam.com/shareholders. For those unable to dial in it will be available on demand https://www.icgam.com/shareholders from 14.00 BST.

Analyst / Investor enquiries:

Philip Keller, CFOO, ICG — +44 (0) 20 3201 7700
Ian Stanlake, Investor Relations, ICG — +44 (0) 20 3201 7880

Media enquiries:

Alicia Wyllie, Corporate Communications, ICG — +44 (0) 20 3201 7994
Neil Bennett, Sam Turvey, Maitland — +44 (0) 20 7379 5151

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 global alternative asset manager with over 30 years' history.

We manage €37.1bn 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 while 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 markets, real assets and private equity solutions. 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. You can follow ICG on Twitter and LinkedIn.

Business review

This has been an outstanding year for ICG as our global alternative asset management business continues to grow strongly in line with our strategic objectives, delivering:

- Fundraising (inflows): €10.0bn raised in total, driven by Europe Fund VII and capital markets strategies
- Fees: weighted average fee rate[1] in line with prior year at 0.86%
- Investment: disciplined deployment remains strong across strategies, up 23% to €6.0bn
- Performance: all funds are on course to meet or exceed their return hurdle rates

Market conditions remain buoyant for alternative assets

Alternative asset classes continue to be attractive to institutional investors for their enhanced returns and diversification opportunities.

As an established player in the alternative asset management industry, we benefit from existing investors increasing their allocations to our expanding alternative asset strategies and new investors selecting from our range of strategies. This is resulting in strong growth in assets under management. The locked in nature of closed end funds, differentiates alternative asset classes from traditional asset managers.

These characteristics make our markets attractive to new entrants, but the length of time required to establish profitable strategies is extensive and the barriers to entry high, with increasing complexity; economies of scale; and institutional investors preferring to deal with a small number of global managers. We are well positioned to continue to benefit from these trends.

The structurally low interest rate environment impacts the returns from debt structured asset classes. However, our lending is priced on a floating rate basis with a margin over the base rate benchmark. Therefore, our returns rise as base rates increase.

Global economic growth might slow in 2019, with revenue and earnings growth in the US and Europe moderating. However, we consider recession risks and systemic default risks to be low, providing a continued constructive environment for the alternative asset management industry. The duration of our funds mean they are designed to withstand economic cycles.

Exceptional fundraising and average fee rates maintained

At €10.0bn (2018: €7.8bn), this has been an exceptionally strong year for inflows and a new high for ICG. Our investment performance has enabled us to scale up our successor funds where we believe the investment market opportunity exists, while maintaining or increasing average fee rates on an underlying fund basis.

Europe Fund VII, one of our largest funds, contributed €4.0bn to inflows, a 60% increase on its predecessor fund. The Fund attracted both existing and new clients with 83% of commitments being from existing ICG clients. The average fee rate increased from 1.34% to 1.43% of commitments.

Fundraising for Strategic Equity III is underway, targeting a fund significantly larger than its predecessor, which raised $0.9bn of third party money. Strategic Equity III raised $0.8bn in the period. Fees are payable on committed capital from the first close so fundraising is having an immediate positive impact on our profits.

We had further success across our liquid open-ended credit strategies raising over €2.0bn in the year. This is double the amount raised in the prior year and demonstrates our rising profile in this scalable asset class. We also raised money for our real estate partnership capital strategy and real estate development strategy; completed the fundraising for our North American Private Debt strategy; closed four CLOs; and raised European senior debt mandates, emphasising the depth and diversity of our product offering.

As 89% of our AUM is in closed end funds, inflows are dependent on when our larger funds come to market resulting in fluctuating inflows year on year. Closed end funds lock in investor commitments and related fee streams for the lifecycle of the fund (typically 6-12 years), providing high quality recurring income for the Group.

Strong origination capability reflected in capital deployment

We have deployed €6.0bn across our direct investment strategies, an increase of 23% on the prior year, a new high for ICG. This reflects the increasing size and number of funds, our ‘on the ground’ investment resources and a globally strong market backdrop. The flexibility and size of our fund mandates are a competitive advantage as we are able to offer bespoke financing solutions to companies.

Our investment teams have been rigorous in assessing the potential impact of Brexit on their existing portfolios and all new investments. Most investments are unaffected as cross border activity into and out of the UK is very limited. However, in the current climate we have become more selective when investing our UK commercial real estate lending fund strategies, which represent 10% of total assets under management.

Our funds are investing at, or ahead of, their linear investment pace.

Fund returns benefiting from robust portfolio performance

Liquidity in the market continues to provide a positive environment for realisations. Where appropriate, our portfolio managers capitalise on this liquidity and actively realise assets within their portfolios. This facilitates our ability to lock in performance and return capital to our fund investors, providing the foundations for future fundraising success.

Our fund and balance sheet portfolios are performing well. Despite some macroeconomic uncertainty leading to stock market volatility, portfolio performance and credit fundamentals are healthy. We expect the performance of our portfolios and level of realisations to be similarly strong in the current financial year.

Investing in future growth

We continue to seek opportunities to expand fund strategies to meet the needs of our clients, and underpin the future growth of our specialist asset management platform. We have recently launched an infrastructure equity fund strategy and a European sale and leaseback fund strategy. Both teams have used balance sheet capital to make initial investments and demonstrate proof of concept for these scalable strategies. We have commenced preparations for launching dedicated third party funds later in the current financial year.

As our European Corporate Fund strategy has grown, the size of deals has increased presenting an opportunity for us to launch a Europe Mid-Market fund. This is an investment market that our teams are familiar with, targeting European mid-market companies with an enterprise value lower than that of Europe Fund VII. Fundraising for this strategy, which charges fees on committed capital, is underway with €0.6bn of third party money raised since 31 March 2019. This is in line with our original target and lets us now aim for the €1bn maximum fund size.

Dividend increased and ongoing capital management

The performance of our fund management business has allowed the Board to recommend a final dividend of 35.0p per share (2018: 21.0p) equating to a total for the year of 45.0p per share (2018: 30.0p), an increase of 50%. At 89% of the post-tax profits of the Fund Management Company, using the Group's effective tax rate, the dividend is, for the first time since the introduction of our updated policy in 2017, fully covered by our asset management earnings. It is also covered 2.1 times by total adjusted earnings.

The Board re-confirms its progressive dividend policy, and to pay out between 80% and 100% of the post-tax earnings of the Fund Management Company as dividends. The Board has made a refinement to the policy to the benefit of shareholders by applying the Group's effective tax rate charge rather than the UK statutory tax rate to pre-tax profits. This has the benefit of increasing the potential distribution in any given year. We continue to make the dividend reinvestment plan available.

We continuously manage our sources of balance sheet financing to ensure we have access to sufficient cash and diversified debt facilities. The retained earnings and available debt facilities continue to be sufficient to finance the growth and regulatory capital requirements of the Group. The weighted average life of drawn debt at 31 March 2019 was 4.2 years.

Board changes

As previously announced, our long standing CFOO, Philip Keller, has decided to retire from executive life. Philip's successor Vijay Bharadia joined on 20 May 2019 from Blackstone, where he has spent the last decade as International CFO. Philip will stand down from the Board at the AGM and will transition his responsibilities to Vijay.

Philip joined the Group as CFO in 2006 and has latterly been CFOO. During his tenure, the business has transformed itself resulting in significant change which Philip has helped oversee. The Board is grateful for his commitment to ICG's growth and development and, as he pursues the next stage of his life outside the commercial world, we wish him the very best for the future.

We anticipate that this will also be Kevin Parry's last year as Chairman having been on the Board of ICG since 2009. Kevin has therefore served on the Board for longer than the nine year limit for Chairs specified in the updated

Corporate Governance Code. The Nominations Committee, led by the Senior Independent Director, is actively engaged in selecting his successor who will be announced in due course.

Positive outlook

Our long established global business model, with a diversified portfolio of fund strategies, continues to capitalise on the increasing allocations of institutional investors to alternative asset classes. Our focus on closed end funds, with locked in client commitments, enables us to manage our portfolios through economic cycles, enhancing our outstanding track record.

We remain focused on steadily building out our existing fund strategies, while at the same time continuing to innovate to increase diversification by asset class and geography. We will continue to use our balance sheet capital solely to enable and accelerate the growth of our specialist asset management strategies.

We have completed the structural steps necessary to rearrange our affairs for Brexit and are continuing to monitor political developments.

Our strong fund raising, capital deployment and portfolio performance, have allowed us to invest in our business, while at the same time increasing the fund management operating profit margin significantly ahead of our target of above 43%. The Board have initiated a review of this target, with an expectation that it will be increased, reinforcing our positive outlook for the business. The outcome of this review will be announced with the half year results in November.

[1] These are non IFRS GAAP alternative performance measures. Please see the glossary on page 36 for further information.

Finance and operating review

The financial information prepared for, and reviewed by, management and the Board is on a non IFRS basis. These are alternative performance measures as defined in the glossary on page 36. The IFRS financial statements are on pages 21 to 34.

Under IFRS the Group is deemed to control funds where it can make significant decisions that can substantially affect the variable returns of investors. There are 16 credit funds and CLOs required to be consolidated under this definition of control. This has the impact of including all of the assets and liabilities of these funds in the consolidated statement of financial position and recognises all the related interest income and gains or losses on investments in the consolidated income statement. However, the legal and economic structure of these funds means that shareholders are only at risk for the Group's investment into these funds.

The Board believes that presenting the financial information in this review on a non IFRS GAAP basis, and therefore excluding the impact of the consolidated credit funds and CLOs, assists shareholders in assessing their investment and the delivery of the Group's strategy through its financial performance. This is consistent with the approach taken by management, the Board and other stakeholders.

The Group's profit after tax on an IFRS basis was below the prior year at £184.5m (2018: £250.8m). On an internally reported basis it was above the prior year at £269.3m (2018: £224.0m). The reconciliation is below:

Income Statement	**Adjusted as internally reported £m**	**Adjustments £m**	**2019 IFRS as reported £m**	Adjusted as internally reported £m	Adjustments £m	2018 IFRS as reported £m
Revenue						
Fee and other operating revenue	**219.8**	**(7.2)**	**212.6**	167.1	(9.9)	157.2
Finance and dividend income	**34.4**	**(8.8)**	**25.6**	25.2	(25.2)	-
Net investment returns /gains on investments	**275.1**	**(49.2)**	**225.9**	240.1	79.7	319.8
Total revenue	**529.3**	**(65.2)**	**464.1**	**432.4**	**44.6**	**477.0**
Finance costs	**(36.7)**	**(17.2)**	**(53.9)**	(63.1)	0.9	(62.2)
Administrative expenses	**(214.3)**	**(13.6)**	**(227.9)**	(201.0)	(15.0)	(216.0)
Other	**-**	**0.6**	**0.6**	-	0.3	0.3
Profit before tax	**278.3**	**(95.4)**	**182.9**	**168.3**	**30.8**	**199.1**
Tax	**(9.0)**	**10.6**	**1.6**	55.7	(4.0)	51.7
Profit after tax	**269.3**	**(84.8)**	**184.5**	**224.0**	**26.8**	**250.8**

The difference between internal and IFRS numbers is primarily in the valuation of the CLO loan notes within the Investment Company. The adoption of IFRS 9 prompted the Group to reconsider the valuation technique used to determine the valuation of the CLO loan notes in the IFRS numbers. The IFRS valuation of CLO loan notes has been aligned with the valuation technique used for the internally reported numbers resulting in a one-off reduction to the IFRS reported profit after tax numbers of £83.9m. We do not anticipate significant variations in profit after tax between the internally and IFRS reported numbers going forward.

There has been no change in approach to, or impact on, the internally reported numbers.

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' with effect from 1 April 2018. The impact of adopting these accounting standards is detailed in note 1 to the financial statements. As previously announced, we have aligned the presentation of our Investment Company income with that of our third party clients and are now reporting income at a Net Investment Returns level.

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 36.

Overview

The Group's internally reported profit before tax[1] for the period was 65% higher at £278.3m (2018: £168.3m), with Fund Management Company (FMC) profit of £143.8m (2018: £95.3m) and Investment Company (IC) profit of £134.5m (2018: £73.0m).

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 benefit from higher net investment returns reflecting the performance of our portfolios and include the impact of the fair value credit on hedging derivatives of £17.2m (2018: £6.5m charge). We use derivatives to match the currency exposure of our Investment Company assets and related liabilities; the fair value movement reflects the average unhedged net asset position in the period.

Income Statement - adjusted	**31 March 2019 £m**	31 March 2018 £m	Change %
Fund Management Company	**143.8**	95.3	51%
Investment Company	**134.5**	73.0	84%
Profit before tax	**278.3**	168.3	65%
Tax	**(9.0)**	55.7	n/a
Profit after tax	**269.3**	224.0	20%

The effective tax rate is lower than the standard corporation tax rate of 19%, as detailed on page 34. This is 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 offset the taxable profits of our UK Fund Management business, reducing the overall Group charge.

Based on the internally reported profit above, the Group generated an ROE[1] of 20.0% (2018: 19.1%) and adjusted earnings per share[1] for the period of 94.9p (2018: 79.3p).

Net current assets[1] of £328.1m are up from £228.1m at 31 March 2018, with financial liabilities maturing within one year reducing by £183.7m.

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 2019, the net impact of fundraising and realisations increased third party AUM[1] by 30% to €34.5bn. 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 2018	13,873	7,683	3,509	1,469	26,534
Additions	4,705	3,689	741	897	10,032
Realisations	(1,722)	(230)	(742)	(301)	(2,995)
FX and other	288	363	73	166	890
At 31 March 2019	**17,144**	**11,505**	**3,581**	**2,231**	**34,461**
Change %	24%	50%	2%	52%	30%

Corporate Investments

Corporate Investments third party funds under management increased 24% to €17.1bn in the year as new AUM of €4.7bn, including €4.0bn for Europe Fund VII, outstripped the realisations from our older funds.

Capital Market Investments
Capital Market Investments third party funds under management increased 50% to €11.5bn, with new third party AUM of €3.7bn raised in the year. During the year we raised four CLOs, two in Europe and two in the US, raising a total €1.5bn, including €43m committed from the balance sheet to meet regulatory requirements. The remaining €2.2bn was raised across our other liquid credit funds and multi-asset mandates, a substantial increase on the €1.1bn raised in the prior year.

Real Asset Investments
Real Asset Investments third party funds under management increased 2% to €3.6bn, with new AUM of €0.7bn (£0.7bn) raised in the year, primarily for ICG Longbow Fund V, our UK real estate partnership capital strategy, and our UK real estate development strategy. Fundraising has slowed in the second half of the financial year as we recognise clients' caution to committing to UK real estate strategies while Brexit uncertainties persist.

Secondary Investments
Secondaries third party funds under management increased 52% to €2.2bn, with new AUM of €0.9bn raised in the year for our Strategic Equity strategy, including €0.7bn ($0.8bn) for Strategic Equity Fund III and €0.2bn of segregated mandates.

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 €6.0bn in the year compared to €4.9bn in the last financial year. The direct investment funds are investing as follows, based on third party funds raised at 31 March 2019:

Strategic asset class	Fund	% invested at 31 March 2019	% invested at 31 March 2018	Assets in fund at 31 March 2019	Deals completed in year
Corporate Investments	ICG Europe Fund VII	38%	-	6	6
Corporate Investments	North American Private Debt Fund I	100%	85%	23	5
Corporate Investments	North American Private Debt Fund II	22%	-	5	5
Corporate Investments	Senior Debt Partners III	43%	16%	20	16
Corporate Investments	Asia Pacific Fund III	93%	77%	8	2
Real Asset Investments	ICG Longbow Real Estate Fund V	43%	-	8	8
Secondary Investments	Strategic Secondaries II	82%	54%	11	4

Fee earning AUM has increased 41% to €29.6bn since 1 April 2018 primarily due to the immediate impact of Europe Fund VII which charges fees on committed capital. All strategic asset classes have seen an increase in fee earning AUM, although the growth in Real Asset Investments was slower as it has yet to benefit from the launch of two new strategies in the year which will broaden our offering from its current UK real estate lending focus. New investments made in our direct investment funds are partially offset by realisations 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 2018	9,227	7,682	2,766	1,297	20,972
Additions	6,448	3,401	594	897	11,340
Realisations	(2,363)	(390)	(517)	(297)	(3,567)
FX and other	233	430	48	170	881
At 31 March 2019	**13,545**	**11,123**	**2,891**	**2,067**	**29,626**
Change %	47%	45%	5%	59%	41%

Fee income
Third party fee income[1] of £219.8m was 32% higher than the prior year due to the successful fundraising of Europe Fund VII which charges fees on committed capital; and investments made by other funds that charge fees on invested capital. Details of movements are shown below:

Fee income	**31 March 2019 £m**	31 March 2018 £m	Change %
Corporate Investments	**131.1**	93.0	41%
Capital Market Investments	**42.8**	34.9	23%
Real Asset Investments	**22.4**	18.5	21%
Secondary Investments	**23.5**	20.7	14%
Total third party funds	**219.8**	167.1	32%
IC management fee	**20.5**	17.8	15%
Total	**240.3**	184.9	30%

Third party fees include £21.9m of performance fees (2018: £23.1m), of which £16.4m (2018: £17.2m) related to Corporate Investments and £5.3m (2018: £4.3m) to our Strategic Equity fund strategy. Performance fees are an integral recurring part of the fee income profile and profitability stream of the Group.

Third party fees are 82.5% denominated in Euros or US dollars. The Group's policy is to hedge non Sterling fee income to the extent that it is not matched by costs and is predictable. Total fee income included a £2.0m (2018: £8.6m) FX benefit in the year.

The weighted average fee rate[1], excluding performance fees, across our fee earning AUM is 0.86% (2018: 0.86%).

Weighted average fee rates	**31 March 2019 £m**	31 March 2018 £m
Corporate Investments	**1.05%**	1.00%
Capital Market Investments	**0.52%**	0.55%
Real Asset Investments	**0.88%**	0.89%
Secondary Investments	**1.29%**	1.40%
Total third party funds	**0.86%**	0.86%

Other income

In addition to fees, the FMC recorded dividend receipts[1] of £34.4m (2018: £25.2m) from the increased number and improved performance of CLOs.

Operating expenses

Operating expenses of the FMC were £130.9m (2018: £114.8m), including salaries and incentive scheme costs.

Salaries were £47.3m (2018: £42.1m) as average headcount increased 12% from 252 to 282, with continued investment across our platform. Incentive scheme costs were £44.5m (2018: £40.8m). Other administrative costs have increased to £39.1m (2018: £31.9m) including £3.8m of one off legal costs incurred to extend the life and related fee streams of older European CLOs.

The FMC operating margin[1] was 52.3% up from 45.4% in the prior year, as a result of average fee earning AUM increasing 38% to €26.3bn for the year thereby increasing the operating leverage of our existing strategies.

Investment Company

Balance sheet investments

The balance sheet investment portfolio[1] increased 19% in the year to £2,255.7m at 31 March 2019, representing 7.1% (2018: 7.5%) of total assets under management, as illustrated in the investment portfolio bridge below.

	£m
At 1 April 2018	1,898.5
New investments	620.1
Net transfer from current assets	150.5
Realisations	(668.2)
Net investment returns	252.7
Cash interest received	(17.6)
FX and other	19.7
At 31 March 2019	**2,255.7**

Realisations comprise the return of £436.6m of principal and the crystallisation of £231.6m of net investment returns.

In the period £383.1m was invested alongside our Corporate Investments strategies for new and follow on investments. Of the remaining £237.0m, £105.9m was invested in new and reset CLOs in accordance with regulatory requirements, £84.4m in our Real Asset Investment strategies and £46.7m in our Strategic Equity strategy.

The Sterling value of the portfolio increased by £24.8m due to FX movements. The portfolio is 39% Euro denominated, 35% US dollar denominated and 17% Sterling denominated.

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

	Return profile	**As at 31 March 2019 £m**	**% of total**	As at 31 March 2018 £m	% of total
Corporate Investments	15-20%	1,343	59%	1,257	66%
Capital Market Investments	5-10%	556	25%	370	19%
Real Asset Investments	c10%	183	8%	111	6%
Secondary Investments	15-20%	174	8%	161	9%
Total balance sheet portfolio		2,256	100%	1,899	100%

In addition, £110.7m (2018: £107.2m) of current assets are held on the balance sheet prior to being transferred to third party investors or funds. The flexibility of our balance sheet enables our investment teams to continue to source attractive deals whilst a fund is being raised and to hold deals in excess of capacity prior to syndication to third party investors. At 31 March 2019, 38% of these assets were in respect of our new real estate investment strategies where we are using the balance sheet to demonstrate proof of concept and in respect of our European Fund where a proportion of large transactions are being held for syndication to third party investors.

Net investment returns

Net investment returns[1] of £275.1m (2018: £240.1m) represent the total return generated from the balance sheet portfolio in the year. The returns are closely correlated with the performance of our funds reflecting our financial commitments to those funds.

At 12.6% of the average balance sheet portfolio, net investment returns were in line with the prior year. Net investment returns arising on Corporate Investments contributed 73% (2018: 83%) of the total reflecting the ongoing performance of the underlying portfolios and assets in which the balance sheet is invested.

Interest expense

Interest expense[1] of £53.9m was £2.7m lower than the prior year (2018: £56.6m), following the maturity of private placement debt in the prior year.

Operating expenses

Operating expenses[1] of the IC amounted to £83.4m (2018: £86.2m), of which incentive scheme costs of £66.4m (2018: £64.0m) were the largest component. The £2.4m increase is due to higher bonuses payable as a direct result of realisations. Other staff and administrative costs were £17.0m compared to £22.2m last year, a £5.2m decrease primarily due to lower business development costs.

Group cash flow and debt

The balance sheet remains healthy, with £572.7m of available cash and debt facilities at 31 March 2019, excluding the consolidated structured entities. During the year, the Group issued new US private placement debt, to refinance upcoming debt maturities and extend the overall debt maturity profile. The US private placement debt has an average coupon of 4.66% and an average maturity of seven years. The movement in the Group's unutilised cash and debt facilities during the year is detailed as follows:

	£m
Headroom at 31 March 2018	729.7
Increase in bank facilities	67.9
Private placement notes issued	172.6
Bonds and Private placement notes matured	(180.8)
Movement in cash	(85.0)
Movement in drawn debt	(163.2)
FX	31.5
Headroom at 31 March 2019	**572.7**

Total drawn debt at 31 March 2019 was £1,184m compared to £1,021m at 31 March 2018, with unencumbered cash of £163m compared to £248m at 31 March 2018.

Capital position

Shareholders' funds increased by £65.8m to £1,383.4m (31 March 2018: £1,317.6m), 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 2019 increased to 0.86x from 0.77x at 31 March 2018.

Principal risks and uncertainties

Our Risk Management Framework is designed to enable us to deliver our strategic priorities within the Group's risk appetite.

The Board monitors the Group's risk management and internal control systems. The Board, taking into account the strategy of the Group, sets the risk appetite, determines the nature and extent of significant risks it is willing to take and ensures judgements and decisions are taken that promote the success of the company and manage conflicts of interest while avoiding, among other things, unnecessary risks and maintaining adequate capital and liquidity.

The Risk Committee makes recommendations to the Board regarding its risk responsibilities. The Group's risk management culture is critical to the effectiveness of the risk management framework. The Group's culture is monitored by the Board.

Identifying principal and emerging risks

The principal risks are determined through a consideration of the strategy, external risk factors, the operating environment of the Group including risks identified by our peers, and an analysis of individual processes and procedures. The principal risks to the Group are updated at least annually.

The review of the Group's principal risks focuses on identifying those risks that could threaten the business model, future performance, capital or liquidity of the business. In identifying these risks, consideration is given to external developments, regulatory expectations and market standards.

Financial Reporting risk was added as a principal risk of the Group during the year, disaggregating this risk from the existing Key Business Process principal risk.

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.

Executive responsibility for each principal risk is reviewed and agreed. The Risk Committee (under delegation from the Board) considers the appetite for risk across the business and establishes the level of acceptable risk (risk tolerance) for each of the principal risks. Key risk indicators are identified and these are monitored by the Risk Committee which also considers any risk mitigation plans proposed or implemented by management.

The Directors confirm that they have undertaken a robust assessment of principal risks in line with the requirements of the UK Corporate Governance Code.

Our risk framework

The Group's risk management framework operates to identify, measure, report and control risks in each area of the business. The Group has established oversight arrangements to ensure risk management responsibilities are embedded in the business' first line operations.

The Chief Risk Officer (CRO) oversees the operation of the risk management framework. In addition, the Operational Risk Committee (ORC), the Group's Investment Committees, Commercial and Operational steering committees and Treasury Committee meetings provide additional oversight of specific risks related to the activities of the Group.

Monitoring the effectiveness of controls

The Risk Committee, on behalf of the Board, is provided with a number of risk reports which it uses to review the Group's risk management arrangements and works closely with the Audit Committee to review the system of internal controls. As part of their review the Committees consider whether the processes in place are sufficient to identify all material controls. The information provided enables the Board to make a cumulative assessment of the effectiveness of the internal controls established to manage or mitigate risks.

Material controls have been defined as those critical to the management of the principal risks of the business. Management's continuous monitoring of the effectiveness of material controls ensures the principal risks are managed within tolerance and supports the delivery of our strategic objectives. Additional reporting on the effectiveness of material controls is provided to the Audit Committee on an annual basis to support the review of the effectiveness of controls in managing the principal risks.

The Board, on recommendation from the Risk and Audit Committees and taking into account the work of Internal Audit overseen by the Audit Committee, confirms that the material controls operated effectively throughout the year.

Relative willingness to accept risk

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 objectives. As part of its risk management framework, the Board sets the risk tolerance in relation to each principal risk, monitors this via key agreed risk indicators. Where a risk is approaching or is outside the tolerance set, the Board will consider the appropriateness of actions being taken to mitigate or manage the risk.

PRINCIPAL RISK	IMPACT	KEY RISK INDICATOR	KEY CONTROLS AND MITIGATION	MOVEMENT IN THE YEAR	FOCUS FOR FY19
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 clients 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.	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 increased due to the ongoing uncertainty over Brexit and continued market volatility.	Continued monitoring of Brexit to ensure that risk mitigation plans remain effective.
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. Clients in open ended funds may reduce or cancel their commitments,	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	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	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.

PRINCIPAL RISK	IMPACT	KEY RISK INDICATOR	KEY CONTROLS AND MITIGATION	MOVEMENT IN THE YEAR	FOCUS FOR FY19
	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.	investment valuations.	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.		
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. A failure to retain funds would reduce the Group's management fee income.	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 client requirements and continues to build a strong product pipeline. The Group monitors client sentiment in open ended funds through regular engagement with clients.	During the year the Group has seen positive momentum and delivered above its target for raising third party funds, including open ended funds. Investor sentiment remains supportive of the Group.	Maintaining discipline on fees and terms. Continuing to grow existing and new strategies. Monitoring investor sentiment in open ended funds.
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 target 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.

PRINCIPAL RISK	IMPACT	KEY RISK INDICATOR	KEY CONTROLS AND MITIGATION	MOVEMENT IN THE YEAR	FOCUS FOR FY19
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 applied its hedging policy consistently.	Market volatility as a result of political/economic uncertainties. Enhancement of Treasury systems and controls.
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 applied its policy to manage counterparty credit risk consistently.	Ongoing monitoring of counterparty exposures. Enhancement of Treasury systems and controls.
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	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	During the year the Group has increased its financial resources by raising additional capital, further extending the debt repayment profile.	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 FY19
	obligations as they fall due. As a result the Group would not be a going concern.		minimise material repayment events. The profile of the debt facilities available to the Group is reviewed frequently by the Treasury Committee.		
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 a 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. During the year the Group has successfully managed succession following the planned retirement of two senior portfolio managers.	Managing the impact of Brexit on our workforce. Ensuring a smooth transition to the new CFOO. Continued focus on succession planning and managing 'Key Person' fund clause requirements.
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	Number and significance of any regulatory or legislative breaches. Identification and delivery of all material	The Group has a governance structure in place, supported by a risk framework that allows for the identification, control and mitigation of material	During the year the Group has continued to enhance its processes and controls in order to remain compliant with current and expected legislation. Preparation for the implementation	Continued monitoring of Brexit to ensure that risk mitigation plans remain effective. Implementation of SMCR.

PRINCIPAL RISK	IMPACT	KEY RISK INDICATOR	KEY CONTROLS AND MITIGATION	MOVEMENT IN THE YEAR	FOCUS FOR FY19
	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.	regulatory/legislative change.	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 advisers are used to support this.	of the Senior Manager and Certification Regime (SMCR) in December 2019 is progressing.	
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.	Cyber security. Continued enhancements to business continuity planning and disaster recovery processes.
11 Loss or missed opportunities arising from failure of key business processes,	The Group's ability to raise new funds and operate its fund management business would	Any failure of business process resulting in significant business disruption, financial	Control procedures are in place to ensure that key business processes are identified, documented and monitored. The	There were no significant business process failures or material control weaknesses identified during the year.	Enhancing processes to support the growth of the business.

PRINCIPAL RISK	IMPACT	KEY RISK INDICATOR	KEY CONTROLS AND MITIGATION	MOVEMENT IN THE YEAR	FOCUS FOR FY19
including valuations and external reporting	be impaired as a result of the failure of key business processes.	or reputational damage. Increased incidents of processing failures or delays, or over reliance on detective, higher level monitoring or audit validation controls.	effectiveness and efficiency of the control framework for key business processes are subject to periodic review by management, the CRO, and Internal Audit, and corresponding oversight by the Risk and Audit Committees of the Board.		
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 oversight processes 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.	Monitoring of the third party supplier oversight procedures was enhanced during the year.	Ongoing integration of identified enhancements to oversight controls.
13 Loss or reputation damage arising from a failure to ensure financial statements are materially accurate/timely and in line with legislative requirements.	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 finance processes resulting in significant business disruption, financial or reputational damage.	Control procedures are in place to ensure that financial reporting processes are identified, documented and monitored. The effectiveness and efficiency of the control framework for financial reporting is subject to periodic review by management, the CRO, and Internal Audit, and corresponding oversight by the Risk and Audit Committees of the Board.	There were no significant financial reporting process failures identified during the year.	Ensuring a smooth transition to the new external auditors.

Responsibility statement

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2019. 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 2019 and is signed on its behalf by:

Benoit Durteste	Philip Keller
CEO	CFOO

Consolidated Income Statement

For the year ended 31 March 2019

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Fee and other operating income	**212.6**	157.2
Finance and dividend income	**25.6**	189.8
Net gains on investments	**225.9**	253.0
Total revenue	**464.1**	600.0
Finance costs	**(53.9)**	(166.4)
Impairments	**-**	(18.8)
Administrative expenses	**(227.9)**	(216.0)
Share of results of joint ventures accounted for using equity method	**0.6**	0.3
Profit before tax	**182.9**	199.1
Tax credit	**1.6**	51.7
Profit for the year	**184.5**	250.8

Attributable to		
Equity holders of the parent	**180.1**	251.0
Non controlling interests	**4.4**	(0.2)
	184.5	250.8

Earnings per share	**63.4p**	88.8p
Diluted earnings per share	**63.4p**	88.8p

The Group has adopted IFRS 15 and IFRS 9 from 1 April 2018. As permitted under the transition rules the prior year comparatives have not been restated in the primary statements. Further information can be found in note 1.

All activities represent continuing operations.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Profit for the year	**184.5**	250.8
Items that may be reclassified subsequently to profit or loss		
Available for sale financial assets:		
- Losses arising in the year	**-**	(14.6)
- Reclassification adjustment for net gain recycled to profit	**-**	4.6
- Tax on items taken directly to or transferred from equity	**-**	3.0
	-	(7.0)
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**8.8**	(19.6)
Tax on items taken directly to or transferred from equity	**(1.5)**	4.9
	7.3	(14.7)
Total comprehensive income for the year	**191.8**	229.1

Consolidated Statement of Financial Position

As at 31 March 2019

	31 March 2019 £m	31 March 2018 £m
Non current assets		
Intangible assets	**15.4**	18.0
Property, plant and equipment	**12.6**	10.5
Investment in joint venture accounted for under the equity method	**1.8**	1.7
Financial assets at fair value	**5,647.1**	5,068.5
Financial assets measured at amortised cost	**-**	171.1
Derivative financial assets	**3.1**	3.2
Deferred tax asset	**12.8**	-
	5,692.8	5,273.0
Current assets		
Trade and other receivables	**227.1**	312.1
Financial assets at fair value	**77.3**	107.2
Derivative financial assets	**51.6**	80.0
Current tax debtor	**8.4**	13.4
Cash and cash equivalents	**354.0**	520.7
	718.4	1,033.4
Disposal groups held for sale	**107.1**	-
Total assets	**6,518.3**	6,306.4
Equity and reserves		
Called up share capital	**77.2**	77.2
Share premium account	**179.5**	179.4
Other reserves	**(3.5)**	6.2
Retained earnings	**1,130.2**	1,054.8
Equity attributable to owners of the Company	**1,383.4**	1,317.6
Non controlling interest	**10.9**	0.5
Total equity	**1,394.3**	1,318.1
Non current liabilities		
Provisions	**0.9**	1.2
Financial liabilities at fair value	**3,449.0**	3,309.1
Financial liabilities at amortised cost	**1,183.5**	840.5
Derivative financial liabilities	**45.8**	76.8
Deferred tax liabilities	**0.2**	8.9
	4,679.4	4,236.5
Current liabilities		
Provisions	**0.4**	0.5
Trade and other payables	**350.5**	555.3
Other financial liabilities	**-**	183.7
Current tax creditor	**2.7**	10.8
Derivative financial liabilities	**14.1**	1.5
	367.7	751.8
Liabilities directly associated with disposal groups held for sale	**76.9**	-
Total liabilities	**5,124.0**	4,988.3
Total equity and liabilities	**6,518.3**	6,306.4

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Operating activities		
Interest received	**220.8**	191.1
Fees received	**184.7**	139.1
Dividends received	**3.3**	154.5
Payments to suppliers and employees	**(174.6)**	(190.3)
Proceeds from sale of current financial assets and disposal groups	**200.1**	276.8
Purchase of current financial assets and disposal groups	**(306.9)**	(368.0)
Proceeds from sale of non current financial assets	**2,475.3**	3,378.6
Purchase of non current financial assets	**(2,666.0)**	(3,914.3)
Recoveries on previously impaired assets	**-**	2.4
Net cash inflow/(outflow) from derivative contracts	**55.4**	(28.7)
Cash used in operating activities	**(7.9)**	(358.8)
Taxes (paid)/received	**(20.2)**	12.5
Net cash used in operating activities	**(28.1)**	(346.3)
Investing activities		
Purchase of property, plant and equipment	**(5.2)**	(4.2)
Change in control of subsidiary	**12.9**	-
Net cash generated from/(used in) investing activities	**7.7**	(4.2)
Financing activities		
Dividends paid	**(88.3)**	(80.7)
Interest paid	**(181.4)**	(188.5)
Increase in long term borrowings	**2,338.2**	1,578.3
Repayment of long term borrowings	**(2,152.3)**	(1,208.9)
Purchase of own shares	**(49.3)**	(26.2)
Proceeds on issue of shares	**-**	0.6
Net cash (used in)/generated from financing activities	**(133.1)**	74.6
Net decrease in cash	**(153.5)**	(275.9)
Cash and cash equivalents at beginning of year	**520.7**	780.9
Effect of foreign exchange rate changes	**(13.2)**	15.7
Net cash and cash equivalents at end of year	**354.0**	520.7

The Group’s cash and cash equivalents includes £191.3m (31 March 2018: £273.1m) of restricted cash held principally by structured entities controlled by the Group.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	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 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**
Adjustment on initial application of IFRS 9 (note 1)	**-**	**-**	**-**	**-**	**(5.5)**	**-**	**-**	**5.5**	**-**	**-**	**-**
Adjustment on initial application of IFRS 15 (note 1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5.1)**	**(5.1)**	**-**	**(5.1)**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**180.1**	**180.1**	**4.4**	**184.5**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**8.8**	**-**	**8.8**	**-**	**8.8**
Tax on items taken directly to or transferred from equity	**-**	**-**	**-**	**(1.3)**	**(0.2)**	**-**	**-**	**-**	**(1.5)**	**-**	**(1.5)**
Total comprehensive (expense)/ income for the year	**-**	**-**	**-**	**(1.3)**	**(0.2)**	**-**	**8.8**	**180.1**	**187.4**	**4.4**	**191.8**
Movement in control of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6.0)**	**(6.0)**	**6.0**	**-**
Own shares acquired in the year	**-**	**-**	**-**	**-**	**-**	**(49.3)**	**-**	**-**	**(49.3)**	**-**	**(49.3)**
Options/awards exercised	**-**	**0.1**	**-**	**(23.3)**	**-**	**34.1**	**-**	**(10.8)**	**0.1**	**-**	**0.1**
Credit for equity settled share schemes	**-**	**-**	**-**	**27.0**	**-**	**-**	**-**	**-**	**27.0**	**-**	**27.0**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(88.3)**	**(88.3)**	**-**	**(88.3)**
Balance at 31 March 2019	**77.2**	**179.5**	**5.0**	**64.3**	**-**	**(92.8)**	**20.0**	**1,130.2**	**1,383.4**	**10.9**	**1,394.3**

	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

Notes to the Financial Statements

For the year ended 31 March 2019

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 2019 or 2018. The financial information for the years ended 31 March 2019 and 2018 is derived from the statutory accounts for those years. The statutory accounts for 2018 have been delivered to the Registrar of Companies and those for 2019 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 2019.

Changes in significant accounting policies

During the year the Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' with effect from 1 April 2018. As permitted under the transition rules, comparative figures for the year ended 31 March 2018 have not been restated. The impact of adopting these new accounting standards on the Group's significant accounting policies are summarised below.

IFRS 15 'Revenue from Contracts with Customers'

We have aligned the Group's revenue recognition policy to IFRS and no material adjustments have been made on transition.

IFRS 9 'Financial Instruments'

There are no differences in the carrying amounts of financial assets and financial liabilities resulting from adoption, with the impact being only to presentation.

As at 31 March 2018 the Group held £60.7m of AFS financial assets measured at fair value on the balance sheet. At 31 March 2018 the aggregate net gains in the reserve were £5.5m. On adoption of IFRS 9 these assets were re-designated as fair value through the profit or loss, with the balance of the AFS reserve transferred to retained earnings, and subsequently all changes in fair value will be recognised through net gains on investments in the Consolidated Income Statement as incurred.

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

For the year ended 31 March 2019

Analysis of income and profit before tax as internally reported

Year ended 31 March 2019	**Corporate Investments £m**	**Capital Market Investments £m**	**Real Asset Investments £m**	**Secondary Investments £m**	**Total FMC £m**	**IC £m**	**Total £m**
External fee income	**131.1**	**42.8**	**22.4**	**23.5**	**219.8**	**-**	**219.8**
Inter-segmental fee	**13.3**	**3.4**	**2.0**	**1.8**	**20.5**	**(20.5)**	**-**
Fund management fee income	**144.4**	**46.2**	**24.4**	**25.3**	**240.3**	**(20.5)**	**219.8**
Net investment returns					**-**	**275.1**	**275.1**
Dividend income					**34.4**	**-**	**34.4**
Total Revenue					**274.7**	**254.6**	**529.3**
Interest expense					**-**	**(53.9)**	**(53.9)**
Net fair value gain on derivatives					**-**	**17.2**	**17.2**
Staff costs					**(47.3)**	**(7.8)**	**(55.1)**
Incentive scheme costs					**(44.5)**	**(66.4)**	**(110.9)**
Other administrative expenses					**(39.1)**	**(9.2)**	**(48.3)**
Profit before tax					**143.8**	**134.5**	**278.3**

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
Net investment returns					-	240.1	240.1
Dividend income					25.2	-	25.2
Total Revenue					210.1	222.3	432.4
Interest expense					-	(56.6)	(56.6)
Net fair value loss on derivatives					-	(6.5)	(6.5)
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

Notes to the Financial Statements continued

For the year ended 31 March 2019

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

Included in the table below are adjustments made from internally reported numbers to IFRS:

- The primary reconciling item impacting profit after tax is £83.9m in respect of the valuation of the CLO loan notes which has been treated as a change in estimate during the year, see page 7. Other items are principally presentational in nature and relate to the consolidated structured entities. The consolidation of structured entities gross up the consolidated income statement and consolidated statement of financial position, and have no material impact on the Group's profit before tax and net assets.
- In the current year, all income generated from Investment Company investments is presented as net investment returns for internal reporting purposes whereas under IFRS it is presented within net gains on investments and other operating income. The prior year is presented on the same basis to aid comparability. The prior year as originally presented can be found on page 35.

Consolidated Income Statement

Year ended 31 March 2019	Internally reported £m	Consolidated structured entities £m	Financial statements £m
- Fund management fee income	219.8	(20.7)	199.1
- Other operating income	-	13.5	13.5
Fee and other operating income	**219.8**	**(7.2)**	**212.6**
- Interest income	-	0.1	0.1
- Dividend income	34.4	(34.4)	-
- Net fair value gain on derivatives	-	25.5	25.5
Finance and dividend income	**34.4**	**(8.8)**	**25.6**
Net investment returns/Gains on investments	**275.1**	**(49.2)**	**225.9**
Total revenue	**529.3**	**(65.2)**	**464.1**
- Interest expense	(53.9)	-	(53.9)
- Net fair value gain/(loss) on derivatives	17.2	(17.2)	-
Finance costs	**(36.7)**	**(17.2)**	**(53.9)**
- Staff costs	(55.1)	0.6	(54.5)
- Incentive scheme costs	(110.9)	-	(110.9)
- Other administrative expenses	(48.3)	(14.2)	(62.5)
Administrative expenses	**(214.3)**	**(13.6)**	**(227.9)**
Share of results of joint venture accounted for using equity method	**-**	0.6	**0.6**
Profit before tax	**278.3**	**(95.4)**	**182.9**
Tax (charge)/credit	(9.0)	10.6	1.6
Profit after tax	**269.3**	**(84.8)**	**184.5**

Notes to the Financial Statements continued

For the year ended 31 March 2019

Consolidated Income Statement

Year ended 31 March 2018	Internally reported £m	Consolidated structured entities £m	Financial statements £m
- Fund management fee income	167.1	(19.6)	147.5
- Other operating income	-	9.7	9.7
Fee and other operating income	**167.1**	**(9.9)**	**157.2**
- Dividend income	25.2	(25.2)	-
Finance and dividend income	**25.2**	**(25.2)**	-
Net investment returns/Gains on investments	**240.1**	**79.7**	**319.8**
Total revenue	**432.4**	**44.6**	**477.0**
- Interest expense	(56.6)	-	(56.6)
- Net fair value (loss)/gain on derivatives	(6.5)	0.9	(5.6)
Finance costs	**(63.1)**	**0.9**	**(62.2)**
- 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**

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Notes to the Financial Statements continued

For the year ended 31 March 2019

Consolidated Statement of Financial Position

31 March 2019	Internally reported £m	Consolidated structured entities £m	Financial Statements £m
Non current financial assets	2,255.7	3,393.2	5,648.9
Other non current assets	36.1	7.8	43.9
Cash	163.2	190.8	354.0
Current financial assets	110.7	(33.4)	77.3
Other current assets	215.7	71.4	287.1
Disposal groups held for sale	-	107.1	107.1
Total assets	**2,781.4**	**3,736.9**	**6,518.3**
Non current financial liabilities	1,183.5	3,449.0	4,632.5
Other non current liabilities	46.7	0.2	46.9
Other current liabilities	161.5	206.2	367.7
Liabilities directly associated with disposal groups held for sale	-	76.9	76.9
Total liabilities	**1,391.7**	**3,732.3**	**5,124.0**
Equity	1,389.7	4.6	1,394.3
Total equity and liabilities	**2,781.4**	**3,736.9**	**6,518.3**

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**

Notes to the Financial Statements continued

For the year ended 31 March 2019

Consolidated Statement of Cash Flows

31 March 2019	Internally reported £m	Consolidated structured entities £m	Financial Statements £m
Interest received	21.5	199.3	220.8
Fees received	185.0	(0.3)	184.7
Dividends received	35.6	(32.3)	3.3
Payments to suppliers and employees	(167.8)	(6.8)	(174.6)
Proceeds from sale of current financial assets and disposal groups	201.8	(1.7)	200.1
Purchase of current financial assets and disposal groups	(345.4)	38.5	(306.9)
Proceeds from sale of non current financial assets	643.9	1,831.4	2,475.3
Purchase of non current financial assets	(603.1)	(2,062.9)	(2,666.0)
Net cash inflow from derivative contracts	48.0	7.4	55.4
Cash generated from/(used in) operating activities	**19.5**	**(27.4)**	**(7.9)**
Taxes paid	(16.3)	(3.9)	(20.2)
Net cash generated from/(used in) operating activities	**3.2**	**(31.3)**	**(28.1)**
Net cash (used in)/generated from investing activities	**(5.3)**	**13.0**	**7.7**
Dividends paid	(88.3)	-	(88.3)
Interest paid	(51.3)	(130.1)	(181.4)
Increase in long term borrowings	308.3	2,029.9	2,338.2
Repayment of long term borrowings	(181.8)	(1,970.5)	(2,152.3)
Net purchase of own shares	(49.3)	-	(49.3)
Net cash used in financing activities	**(62.4)**	**(70.7)**	**(133.1)**
Net decrease in cash	**(64.5)**	**(89.0)**	**(153.5)**
Cash and cash equivalents at beginning of year	247.9	272.8	520.7
Effect of foreign exchange rate changes	(20.2)	7.0	(13.2)
Cash and cash equivalents at end of year	**163.2**	**190.8**	**354.0**

31 March 2018	Internally reported £m	Consolidated structured entities £m	Financial Statements £m
Interest received	73.0	118.1	191.1
Fees received	151.1	(12.0)	139.1
Dividends received	25.8	128.7	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)
Proceeds from sale of non current financial assets	534.8	2,843.8	3,378.6
Purchase of non current financial assets	(572.4)	(3,341.9)	(3,914.3)
Recoveries on previously impaired assets	2.4	-	2.4
Net cash (outflow) / inflow from derivatives contracts	(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 equivalents at end of year	**247.9**	**272.8**	**520.7**

3. Dividends

The proposed final ordinary dividend for the year ended 31 March 2019 is 35.0 pence per share (2018: 21.0 pence per share), which will amount to £99.0m (2018: £59.4m). The total dividend in respect of the year ended 31 March 2019 was 45.0 pence per share (2018: 30.0 pence per share)

Of the £88.3 (2018: £80.7m) of ordinary dividends paid during the year, £1.3m were reinvested under the dividend reinvestment plan that was offered to shareholders (2018: £1.4m).

For the year ended 31 March 2019

4. Earnings per share

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to the equity holders of the Parent	**180.1**	251.0
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**283,915,372**	282,649,240
Effect of dilutive potential ordinary share options	**25,528**	25,601
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**283,940,900**	282,674,841
Earnings per share	**63.4p**	88.8p
Diluted earnings per share	**63.4p**	88.8p

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 2018	294,055,428	11,355,766
Purchased (ordinary shares of 26¼p)	-	4,481,953
Options/awards exercised	-	(4,619,434)
Shares issued	28,923	-
As at 31 March 2019	**294,084,351**	**11,218,285**

5. Tax

Analysis of tax on ordinary activities	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Current tax		
Current year	**16.0**	(6.4)
Prior year adjustment	**5.4**	14.6
	21.4	8.2
Deferred tax		
Current year	**(19.1)**	(41.4)
Prior year adjustment	**(3.9)**	(18.5)
	(23.0)	(59.9)
Tax credit on profit on ordinary activities	**(1.6)**	(51.7)

For the year ended 31 March 2019

	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
Profit on ordinary activities before tax	**182.9**	199.1
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (2018: 19%)	**34.8**	37.8
Effects of:		
Prior year adjustment to current tax	**5.4**	14.6
Prior year adjustment to deferred tax	**(3.9)**	(18.6)
	1.5	(4.0)
Non-taxable and non-deductible items	**(0.1)**	-
Current year risk provision charge/(credit)	**1.6**	(27.1)
Impairment of tax debtor balance	**3.3**	-
Different tax rates of overseas subsidiaries	**(32.5)**	(38.0)
Changes in statutory tax rates	**2.0**	-
Substantial shareholder exemption - deferred tax adjustment	**-**	(15.4)
Other temporary differences	**(12.2)**	(5.0)
Current tax credit for the year	**(1.6)**	(51.7)

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.

Prior year reporting of Consolidated Income Statement

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 internally reported £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
Total revenue					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 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**
Net investment returns/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**

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 Questus Energy Pty Limited.

As at 31 March, this is calculated as follows:

<table>
<tr><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Profit before tax</td><td>£182.9m</td><td>£199.1m</td></tr>
<tr><td>Less consolidated structured entities</td><td>£95.4m</td><td>(£30.8m)</td></tr>
<tr><td>Adjusted group profit before tax</td><td>£278.3m</td><td>£168.3m</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 Questus Energy Pty Limited.

As at 31 March, this is calculated as follows:

<table>
<tr><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Investment Company profit before tax</td><td>£39.1m</td><td>£103.8m</td></tr>
<tr><td>Less consolidated structured entities</td><td>£95.4m</td><td>(£30.8m)</td></tr>
<tr><td>Adjusted Investment Company profit before tax</td><td>£134.5m</td><td>£73.0m</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>2019</th><th>2018</th></tr>
<tr><td>Adjusted profit after tax</td><td>£269.3m</td><td>£224.0m</td></tr>
<tr><td>Average shareholders' funds</td><td>£1,343.8m</td><td>£1,173.5m</td></tr>
<tr><td>Adjusted return on equity</td><td>20.0%</td><td>19.1%</td></tr>
</table></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. 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 items.

<table>
<tr><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Adjusted profit before tax</td><td>£278.3m</td><td>£168.3m</td></tr>
<tr><td>Add back incentive schemes</td><td>£110.9m</td><td>£104.8m</td></tr>
<tr><td>Other adjustments</td><td>(£52.6m)</td><td>(£18.2m)</td></tr>
<tr><td>Cash profit</td><td>£336.6m</td><td>£254.9m</td></tr>
</table></td></tr>
</table>

<table>
<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. 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><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Gross borrowings</td><td>£4,633m</td><td>£4,333m</td></tr>
<tr><td>Less consolidated structured entities</td><td>(£3,449m)</td><td>(£3,312m)</td></tr>
<tr><td>Adjusted gross borrowings</td><td>£1,184m</td><td>£1,021m</td></tr>
<tr><td>Shareholders’ funds</td><td>£1,383m</td><td>£1,318m</td></tr>
<tr><td>Gearing</td><td>0.86x</td><td>0.77x</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.</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><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Total equity</td><td>£1,394m</td><td>£1,318m</td></tr>
<tr><td>Closing number of ordinary shares</td><td>282,866,066</td><td>282,699,662</td></tr>
<tr><td>Net asset value per share</td><td>493p</td><td>466p</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 Questus Energy Pty Limited. As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Cash</td><td>£163.2m</td><td>£248.0m</td></tr>
<tr><td>Current financial assets</td><td>£110.7m</td><td>£107.2m</td></tr>
<tr><td>Other current assets</td><td>£215.7m</td><td>£244.7m</td></tr>
<tr><td>Current financial liabilities</td><td>-</td><td>(£183.7m)</td></tr>
<tr><td>Other current liabilities</td><td>(£161.5m)</td><td>(£188.1m)</td></tr>
<tr><td>Net current assets</td><td>£328.1m</td><td>£228.1m</td></tr>
</table>
On an IFRS GAAP basis net current assets are as follows:
<table>
<tr><th></th><th>2019</th><th>2018</th></tr>
<tr><td>Cash</td><td>£354.0m</td><td>£520.7m</td></tr>
<tr><td>Current financial assets</td><td>£77.3m</td><td>£107.2m</td></tr>
<tr><td>Other current assets</td><td>£287.1m</td><td>£405.5m</td></tr>
<tr><td>Disposal groups held for sale</td><td>£107.1m</td><td>-</td></tr>
<tr><td>Current financial liabilities</td><td>-</td><td>(£183.7m)</td></tr>
<tr><td>Other current liabilities</td><td>(£367.7m)</td><td>(£568.1m)</td></tr>
<tr><td>Liabilities directly associated with disposal groups held for sale</td><td>(£76.9m)</td><td>-</td></tr>
<tr><td>Net current assets</td><td>£380.9m</td><td>£281.6m</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.</td></tr>
</table>

		Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities and the presentation of Questus Energy Pty Limited. As at 31 March, this is calculated as follows: 2019 / 2018 Adjusted gross borrowings: £1,184.3m / £1,021.1m Less unencumbered cash: (£162.7m) / (£247.6m) **Net debt: £1,021.6m / £773.5m**
Net investment returns		Net investment returns is the total of interest income, capital gains, dividend and other income less asset impairments.
Operating cashflow		Operating cashflow represents the cash generated from operating activities from the Statement of Cash Flows, adjusted for the impact of the consolidated structured entities. See note 2 for a full reconciliation.
Operating expenses of the Investment Company		Investment Company operating expenses are adjusted for the impact of the consolidated structured entities, the presentation of Questus Energy Pty Limited. See note 2 for a full reconciliation.
Operating profit margin		Fund Management Company profit divided by Fund Management Company total revenue. As at 31 March this is calculated as follows: 2019 / 2018 Fund Management Company Profit: £143.8m / £95.3m Fund Management Company Total Revenue: £274.7m / £210.1m **Operating profit margin: 52.3% / 45.4%**
Return on equity	ROE	Profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period.
Third party fee income		Fees generated on fund management activities as reported in the Fund Management Company including fees generated on consolidated structured entities which are excluded from the IFRS consolidation position. See note 2 for a full reconciliation.
Weighted average fee rate		An average fee rate across all strategies based on fee earning AUM in which the fees earned are weighted based on the relative AUM.

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

Term	**Short form**	**Definition**
AIFMD		The EU Alternative Investment Fund Managers Directive.
Catch up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
Closed end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
Collateralised Debt Obligation	CDO	Investment grade security backed by a pool of non-mortgage based bonds, loans and other assets.

Collateralised Loan Obligation	CLO	CLO is a type of CDO, which is backed by a portfolio of loans.
Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Core Plus	Core+	Assets which have infrastructure characteristics (physical assets, protected and predictable cash flows) with a slightly higher risk/return profile than Core assets.
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	The 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.
Structured entities		Entities which are classified investment funds, CLO's or CDO's and are deemed to be controlled by the Group, though its interest in either an investment, loan, fee receivable, guarantee or commitment. These entities can also be interchangeably referred to as credit funds.
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	13 June 2019
Record date	14 June 2019
Last date for dividend reinvestment election	16 July 2019
AGM and Trading statement	25 July 2019
Payment of ordinary dividend	6 August 2019
Half year results announcement	20 November 2019