Final Results

For the financial year ended 31 March 2017

Embargoed until 7:00am on 25 May 2017

ICG delivers strong performance from new and existing strategies

Intermediate Capital Group plc (ICG) announces its final results for the year ended 31 March 2017.

Operational highlights

- Total AUM up 10% to €23.8bn, with €4.0bn of new money raised; third party fee earning AUM up 19% to €18.7bn
- Fundraising performance driven by our newer diversifying strategies: Strategic Secondaries and Australian Senior Loans; our CLO programme; and a secondary transaction on Recovery Fund 2008
- Fundraising pipeline healthy with a number of our larger strategies expected to be raising successor funds in the new financial year
- Fund investment is on track whilst maintaining investment discipline in a competitive market
- Fund returns benefiting from strong capital gains and robust portfolio performance

Financial highlights

- Fund Management Company profits up 21% to £74.0m (2016: £61.2m), with third party fee income[1] up 27%
- Investment Company profits higher at £178.4m (2016: £97.6m)
- Group profit before tax of £252.4m (2016: £158.8m); Adjusted Group profit before tax[1] was £237.5m (2016: £175.6m)
- Earnings per share of 74.5p (2016: 41.9p); Fund Management Company 21.6p (2016: 16.8p) and Investment Company 52.9p (2016: 25.1p)
- Final ordinary dividend up 23% to 19.5 pence per share and new dividend policy announced
- Total ordinary dividends in the year up 17% to 27.0 pence per share, in addition to the £200m special dividend paid in August 2016

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

“As I prepare to stand down as CEO at our AGM in July, I am proud to report a particularly strong year of positive performance and successful delivery. With AUM at a record €23.8bn, and both fundraising and capital deployment on track, we have delivered well on our commitments to investors and shareholders alike.

The market environment continues to be supportive of both our existing and new strategies and we see strong, ongoing demand from investors for diversified sources of higher yield, as well as attractive investment opportunities for our funds. We remain confident in our ability to innovate and pioneer new strategies, backed by our balance sheet capital and disciplined investment culture, as we have seen with our Strategic Secondaries strategy. The increasing diversity of our business has ensured that we are well placed to build on this success.”

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

“The Board has conducted and implemented a new progressive dividend policy that more closely aligns dividends with our strategy of growing the fund management business. This, along with the performance of the Group, allows us to recommend a 23% increase in the final dividend.”

Financials

	31 March 2017	31 March 2016	% change
Fund Management Company profit before tax[1]	**£74.0m**	£61.2m	20.9%
Investment Company profit before tax	**£178.4m**	£97.6m	82.8%
Adjusted Investment Company profit before tax[1]	**£163.5m**	£114.4m	42.9%
Adjusted Group profit before tax[1]	**£237.5m**	£175.6m	35.3%
Group profit before tax	**£252.4m**	£158.8m	58.9%
Adjusted earnings per share[1]	**69.3p**	48.1p	44.1%
Earnings per share	**74.5p**	41.9p	77.8%
Dividend per share in respect of the year	**27.0p**	23.0p	17.4%
Gearing[1]	**0.95x**	0.70x	35.7%
Net debt[1]	**£629.1m**	£753.7m	(16.5%)
Net asset value per share[1]	**£4.18**	£3.94	6.1%

[1] These are non IFRS GAAP alternative performance measures and represent internally reported numbers excluding the impact of fair value movements on derivatives (FY17: £1.3m; FY16: £17.3m). Internally reported numbers exclude the impact of the consolidation of 12 credit funds following the adoption of IFRS 10. Further details can be found on page 39.

Assets under management

	31 March 2017	31 March 2016
Third party assets under management	**€21,817m**	€19,312m
Investment portfolio	**€2,008m**	€2,270m
Total assets under management	**€23,825m**	€21,582m
Third party fee earning assets under management	**€18,742m**	€15,757m

The following foreign exchange rates have been used.

	31 March 2017 Average	**31 March 2016 Average**	**31 March 2017 Period end**	31 March 2016 Period end
GBP:EUR	**1.1890**	1.3624	**1.1730**	1.2624
GBP:USD	**1.3020**	1.5016	**1.2534**	1.4374

Enquiries

A presentation for investors and analysts will be held at 09:30 BST today at ICG's offices, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU. The presentation will also be streamed live at 09:30 BST and be available on-demand from 14:00 BST at http://www.icgam.com/shareholders/Pages/shareholders.aspx

Analyst / Investor enquiries:

Philip Keller, CFOO, ICG +44 (0) 20 3201 7700

Ian Stanlake, Investor Relations, ICG +44 (0) 20 3201 7880

Media enquiries:

Neil Bennett, Tom Eckersley, Maitland +44 (0) 20 7379 5151

Susan Tether, Corporate Communications, ICG +44 (0) 20 3201 7917

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.

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

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

About ICG

ICG is a specialist asset manager with over 28 years' history. We manage €23.8bn of assets in third party funds and proprietary capital, principally in closed end funds. Our strategy is to grow our specialist asset management activities to deliver increased shareholder value. Our goal is to generate income and consistently high returns whilst protecting against investment downside for our fund investors. We seek to achieve this through our expertise in investing across the capital structure. We combine flexible capital solutions, local access and insight with an entrepreneurial approach to give us a competitive edge in our markets. We operate across four asset classes - corporate, capital market, real asset and secondary investments. In addition to growing existing strategies, we are committed to innovation and pioneering new strategies across these asset classes where the market opportunity exists to deliver value to our fund investors and increase shareholder value.

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

Business review

We have continued to deliver against our strategic objectives and grow our specialist asset manager business. The highlights are:

- Fundraising (inflows): €4.0bn raised in total with €0.9bn raised for newer strategies: Strategic Secondaries and Australian Senior Loans,
- Fees: Weighted average fee rate of 0.91%, up from 0.88% due to improved mix of investment strategies,
- Fund investment: Money raised has been deployed in line with expectations in a highly competitive investment market,
- Returns: Fund returns benefiting from strong capital gains and robust portfolio performance,
- Dividend: Proposed final dividend up 23% and new dividend policy announced.

ICG is now a more diversified business than at any point in its history. Our ability to utilise the Group's capital to seed new funds has supported this success. For example, our expansion into the Secondaries asset class would not have been as rapid nor as successful, had we not been able to underwrite the team's early transactions in the first fund.

The market environment continues to offer attractive opportunities to grow and further expand our range of strategies. As a result, the profits of the Fund Management Company, with its predictable, sustainable fee streams, will grow relative to those of the Investment Company.

Alternative asset market growing strongly

The increasing wealth of developing nations, combined with ageing populations, supports the trend of increasing the absolute size of institutional assets under management. At the same time, bond yields remain low, thereby impacting the returns of traditional asset classes. Current macroeconomic uncertainty, including but not limited to the UK's decision to leave the European Union, may prolong and enhance the positive trend in favour of alternative asset classes. Alternative asset classes are therefore attractive to institutional investors, providing diversification and targeting returns in excess of those achievable in public markets.

The current fundraising environment is attracting new entrants into the alternative asset management market. However, our established investment led approach of focussing on capital preservation and yield across mid-market transactions in four strategic asset classes, and identifying market opportunities to develop differentiated strategies, remains a competitive advantage. We are of a size and scale that enables investors efficiently to access our range of strategies through mandates tailored to their individual requirements. Furthermore, our long standing investment culture means we only fundraise to the extent that there is the market opportunity to invest the capital raised.

Fundraising across all our strategic asset classes

Fundraising in the financial year at €4bn was in line with our long term target but, as expected, lower than in recent years as our larger strategies had remaining investment capacity. Consequently we concentrated on the more challenging task of fundraising for our smaller and newer strategies which diversify our business and provide future growth opportunities.

The breadth of strategies for which we raised money during the year, 11 in total, underlines the increased diversification of our fund management franchise.

In 2014 we recruited a team specialising in Strategic Secondaries. The team have a direct approach to secondaries by leading restructuring and investment in mature private equity funds. We have made excellent progress in raising our first Strategic Secondaries fund which is dedicated to the highly complex and structured part of the secondaries market. To date, we have raised $981m, including a $200m investment from our balance sheet, of which $614m was raised during the 2017 financial year. As one of our newer strategies, with fees charged on committed capital, the success of this fund is a positive contribution to our weighted average fee rate and our growing fund management profits. We expect to close this fund above its $1bn target in the new financial year.

Another area of success was our Australian Senior Loans strategy. Fundraising was initially difficult, but our perseverance and commitment to this attractive strategy has resulted in AUD$396m being raised in the financial year.

Additionally, we closed successor funds for our real estate mezzanine and Asia Pacific mezzanine strategies, and raised new segregated mandates for our Senior Debt Partners and capital markets strategies which included raising four new CLOs during the year.

We took an opportunity to sell the entire Recovery Fund 2008, one of our older European mezzanine funds. Its disposal to a secondary fund provided an exit to our investors whilst enabling us to retain the investment management contract for the new fund thereby extending the duration of the fee stream.

During the financial year, we extended our office network into Luxembourg and have applied for a regulatory licence in that jurisdiction. This will enable us to retain access to our European clients following the UK's departure from the European Union. We do not anticipate the need for any other significant organisational change and have no intention of moving our UK or head office operations from London.

Capital deployment on track in a competitive investment market

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

In this environment, the competitive advantage gained from our local teams, sector specialisms and ability to deploy capital flexibly, comes to the fore and has helped us to source attractive deals whilst maintaining our disciplined investment culture. We are pleased to have maintained the pace of investment across our direct investment funds during the financial year which, combined with a solid pipeline of investment opportunities, means we are confident that each of our funds will deploy their available capital within their investment periods.

Investment Company portfolio performing robustly

Liquidity in the market contributed to a period of strong realisations. Capital gains were particularly strong in the financial year which, as previously indicated, was due in part to the benefit from the one off recycling from reserves of a previously recognised unrealised gain, and in part to unrealised gains arising from the year end mark to market review. Whilst we expect the pace of realisations to remain healthy into the new financial year, the overall level of capital gains recognised in the income statement is likely to be lower.

The performance of our portfolios remains robust, with only a small number of assets underperforming.

Dividend and capital management

Over the last three years, the Board reduced the equity in use and has returned over £0.8bn of capital to shareholders. The Board will continue to focus on the efficient use of capital and will maintain its focus on achieving return on equity in excess of 13% over an investment cycle. We recognise that buoyant or stressed market conditions will impact the capital requirements of the Group and are therefore committed to a capital management approach which ensures sufficient capital through all points in the cycle.

The Board has determined that its existing dividend policy should be updated to distribute a higher proportion of profits to shareholders in line with the transformation to a business model which is more stable and predictable than in the past.

The Board's new policy is to recommend a dividend pay-out of 80-100% of the post-tax profit of the Fund Management Company (FMC). The annual quantum will be judged in the light of contemporary trading, regulatory capital and debt rating considerations. In accordance with current practice, the interim dividend will equate to a third of the prior year total dividend. The dividend policy is also progressive, meaning that absent major adverse circumstances, the dividend will at least be maintained and more normally increased year on year. We anticipate the FMC profits will grow as a proportion of the total profits but in the next few years, until FMC profits can cover our pay-out policy, we will continue to draw on Investment Company (IC) profits to comply with our progressive dividend policy. We currently anticipate recommending growing the dividend per share by 6-8% per annum.

It is against the backdrop of continued delivery against our strategic objectives and strong cash generation that the Board recommends substantially increasing the final ordinary dividend for the year to 19.5 pence per share. This makes a total for the year of 27.0p (2016: 23.0p), an increase of 17% on the prior year. The proposed full year dividend is covered 2.9 times based on total profit and equates to 128% of post-tax FMC profits. If approved by shareholders the final dividend will be paid on 4 August 2017 to those shareholders on the register as at 16 June 2017. We continue to make available the dividend reinvestment plan.

The Board believes these capital and dividend policies reflect shareholders' desire for transparency, sustainability and regular real growth in cash returns.

We continued to actively manage the Group's sources of financing, extending debt facilities and lowering pricing where possible. During the financial year, $292m and €74m of US private placements were raised with five, eight and 10 year maturities, enabling the repayment of maturing private placements and a reduction in existing bank facilities. Following this debt raising, the weighted average life of total debt at 31 March 2017 was 3.8 years with a weighted average cost of 3.9%, in line with 31 March 2016.

Changes to the Board

As previously announced, at this year's AGM our long standing Chief Executive Officer and Chief Investment Officer, Christophe Evain, will step down from his responsibilities after 23 years with the Company, the last seven of which have been as Chief Executive Officer. During his tenure Christophe has successfully transitioned the Company from an investment company to a fund management company supported by ICG's balance sheet.

The Board appointed Benoit Durteste to replace Christophe Evain as Chief Executive Officer and Chief Investment Officer.

In addition, during the year we maintained and enhanced the knowledge and experience of the Board by appointing two new Non-Executive Directors, Rusty Nelligan and Virginia Holmes. From the conclusion of this year's AGM, 25% of the Board will be female.

The year ahead

We have a €4bn per annum rolling fundraising target. With a healthy pipeline of new funds and with a number of our larger strategies expected to be raising successor funds during the new financial year, we anticipate that financial year 2018 will meet or exceed the long term fundraising target. Fundraising for our Senior Debt Partners strategy has already commenced, and is expected to exceed the €3bn size of its predecessor fund.

The US private debt strategy and UK real estate strategy are expected to begin raising successor funds within the next 12 months. We are working to convert investor interest in our liquid strategies into investor commitments during the new financial year.

We continue to size our funds to the market opportunity and aim to deploy capital in line with the required investment run rate. We therefore anticipate maintaining our current deployment pace on the back of attractive investment opportunities. We remain committed to not compromising our disciplined investment culture in this highly competitive market.

Outlook

ICG's strategy and operational focus will continue to increase diversification by asset class and geography. Our track record and a commitment to strong risk-aware investment performance gives our institutional clients confidence to place more money with ICG, providing a strong foundation for continued growth in assets under management and fee based revenue.

In a world of heightened geo-political uncertainty, our balance sheet is exposed to volatility of valuations but it is prudently financed by equity and debt. The long term nature of our fund management business provides stability of income and visibility of growing income streams.

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

Finance and operating review

Financial information enables management to monitor the performance of the business and inform decision making in support of delivering the Group's strategic objectives. The financial information prepared for, and reviewed by, management and the Board is on a non IFRS basis and therefore differs from the IFRS financial statements on pages 23 to 37.

The Group's profit before tax on an IFRS basis was above last year at £252.4m (2016: £158.8m), driven by a high level of capital gains increasing IC profits.

Income Statement	**IFRS as reported £m**	**Adjustments £m**	**2017 Internally reported adjusted £m**	IFRS as reported £m	Adjustments £m	2016 Internally reported adjusted £m
Revenue						
Finance and dividend income	**204.2**	**(29.8)**	**174.4**	207.3	(46.0)	161.3
Gains on investments	**286.8**	**(85.4)**	**201.4**	137.7	(9.1)	128.6
Fee and other operating revenue	**134.1**	**12.5**	**146.6**	104.3	9.6	113.9
Total revenue	**625.1**	**(102.7)**	**522.4**	449.3	(45.5)	403.8
Finance costs	**(153.4)**	**99.5**	**(53.9)**	(121.9)	76.0	(45.9)
Impairments	**(25.3)**	**(22.7)**	**(48.0)**	(8.9)	(30.5)	(39.4)
Administrative expenses	**(194.3)**	**11.3**	**(183.0)**	(141.9)	(1.0)	(142.9)
Other	**0.3**	**(0.3)**	**-**	(17.8)	17.8	-
Profit before tax	**252.4**	**(14.9)**	**237.5**	158.8	16.8	175.6

A full reconciliation between the internally reported financial information and the IFRS consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows is provided in note 7 to the financial statements. The adjustments can be summarised as follows:

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

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

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

<u>Reclassification of income</u>
The Group invests in its European mezzanine, Asia Pacific mezzanine and North American Private Debt strategies either through a fund structure or directly into the underlying assets, depending on the fund. This impacts the presentation of the income statement for investments in debt instruments under IFRS. For those investments made

directly the Group generates interest income and is subject to impairment risk, whereas for the investments made through a fund structure the income is recognised as a net gain on investment.

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

Other

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

In the prior year the increase in deferred consideration relating to the purchase of ICG Longbow and the impact of the Employee Benefit Trust (EBT) were excluded for internal reporting purposes.

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

Non GAAP measures are denoted by [1] throughout this review. The definition, and where appropriate, reconciliation to a GAAP measure, is included in the glossary on page 39.

Overview

The Group's adjusted profit before tax[1], when excluding the impact of the fair value charge on derivatives, was above last year at £237.5m (2016: £175.6m). This was driven by a high level of capital gains increasing IC profits. We continue to make strong operational progress in developing our fund management franchise, with higher management fee income from new and existing strategies contributing to higher FMC profits in the year.

			2017			2016
Income Statement	**Internally reported unadjusted £m**	**Fair value charge on derivatives £m**	**Internally reported adjusted £m**	Internally reported unadjusted £m	Fair value charge on derivatives £m	Internally reported adjusted £m
Fund Management Company	**74.0**	**-**	**74.0**	61.2	-	61.2
Investment Company	**162.2**	**1.3**	**163.5**	97.1	17.3	114.4
Profit before tax	**236.2**	**1.3**	**237.5**	158.3	17.3	175.6
Tax	**(34.9)**	**-**	**(34.9)**	(16.7)	-	(16.7)
Profit after tax	**201.3**	**1.3**	**202.6**	141.6	17.3	158.9

The adjusted profit of the IC and Group in the above table excludes the impact of the fair value charge on hedging derivatives of £1.3m (2016: £17.3m). Throughout this review all numbers are presented excluding this adjusting item, unless otherwise stated. The effective tax rate for the period at 15% (2016: 11%) is higher than the prior year due principally to the mix of jurisdictions in which capital gains were generated. The tax rate is lower than the standard corporation tax rate of 20%. This is principally due to the impact of differences in overseas tax rates where we invest directly into funds which are based offshore.

Based on the adjusted profit above, the Group generated an ROE[1] of 18.2% (2016: 12.9%), an increase on prior year reflecting lower shareholder funds following the £200m special dividend paid in August and strong capital gains. Capital gains of £201.4m (2016: £128.6m) have, as expected, benefited from the one off recycling of previously unrealised gains of £54.4m from reserves, primarily on the disposal of the remainder of AAS Link, and a robust level of unrealised capital gains arising from the year end mark to market review. The recycling of realised gains from reserves is an accounting requirement for pre 2011 equity assets. Excluding the recycled capital gains, ROE for the financial year was 13.3% which is more indicative of the performance for the new financial year and longer term trend. Adjusted earnings per share[1] for the period were 69.3p (2016: 48.1p).

The Group had net current assets[1] of £594.1m (2016: £229.8m) at the end of the year. The increase in net current assets is principally driven by the realisation of balance sheet assets increasing the year end cash balance.

Fund Management Company

In this review we have aligned the presentation of financial information with the four strategic asset classes in which we operate - corporate investments, capital market investments, real asset investments and secondary investments – to simplify and enhance the understanding of our financial performance. The principal difference between this classification and that previously adopted is that the Senior Debt Partners strategy falls within the corporate investments asset class whereas all other funds previously reported as credit funds fall within the capital market investments asset class. A reconciliation between the two presentations can be found on page 38 of this statement.

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 2017, the net impact of fundraising and realisations saw third party AUM increased 13% to €21.8bn. AUM by strategic asset class is detailed below, where all figures are quoted in €m.

Third party AUM by strategic asset class	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party AUM €m
At 1 April 2016	10,431	4,637	3,305	939	19,312
Additions	1,461	1,635	345	571	4,012
Realisations	(1,330)	(249)	(132)	-	(1,711)
FX and other	243	148	(228)	41	204
At 31 March 2017	**10,805**	**6,171**	**3,290**	**1,551**	**21,817**
Change %	4%	33%	0%	65%	13%

Corporate Investments
Corporate Investments third party funds under management have increased 4% to €10.8bn in the year as new AUM of €1,461m outstripped the realisations in our older funds. In the year we closed our third Asia Pacific fund at €614m, including a $200m commitment from the balance sheet and €189m of third party money raised during the financial year. This was below its target size as the slowdown in growth in China had an impact on the region. During the year Recovery Fund 2008 sold its remaining assets to a new secondary fund which is managed by the Group. The new fund raised commitments totalling €638m in the year. Additionally, we raised €351m from segregated mandates into our Senior Debt Partners strategy and €283m for our Australian Senior Loans Fund, the first third party money raised for this strategy.

Capital Market Investments
Capital Market Investments third party funds under management have increased 33% to €6.2bn, with new third party AUM of €1,635m raised in the year, primarily from our CLO programme. During the year we completed four CLOs, two in Europe and two in the US, raising a total €1,567m, including €85m committed from the balance sheet to meet regulatory requirements, thereby further increasing the operating leverage of this strategy. We raised €153m across our other capital market investments strategies, including alternative credit and total credit.

Real Asset Investments
Real Asset Investments third party funds under management have remained at €3.3bn, with new AUM of €345m raised in the year for our UK real estate fund, ICG Longbow Fund IV. The additional money raised in the current year has contributed to the fund reaching its maximum size of £1.0bn, including a £50m co-investment by the IC, and making it our second successive UK real estate fund to reach that milestone.

Secondary Investments
Secondary Investments third party funds under management have increased 65% to €1.6bn, with new AUM of €571m raised in the period for our Strategic Secondaries strategy. A final close is expected shortly which would take the Fund above its target size of $1bn, including a $200m commitment from the balance sheet.

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 funds was £3.1bn in the year compared to £2.4bn in the last financial year. The direct investment funds are investing as follows, based on third party funds raised at 31 March 2017:

Strategic asset class	Fund	% invested at 31 March 2017	% invested at 31 March 2016	Assets in fund at 31 March 2017	Deals completed in year
Corporate Investments	ICG Europe Fund VI	40%	10%	8	5
Corporate Investments	North American Private Debt Fund	64%	46%	12	5
Corporate Investments	Senior Debt Partners II	64%	31%	23	9
Corporate Investments	Asia Pacific Fund III	44%	27%	4	1
Real Asset Investments	ICG Longbow Real Estate Fund IV	71%	42%	23	6
Secondary Investments	Strategic Secondaries	26%	20%	3	1

The investment pace of our direct investment funds has resulted in fee earning AUM increasing 19% to €18.7bn since 1 April 2016 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 2016	7,891	4,637	2,521	708	15,757
Additions	2,311	1,635	564	571	5,081
Realisations	(1,721)	(249)	(242)	-	(2,212)
FX and other	35	148	(176)	109	116
At 31 March 2017	**8,516**	**6,171**	**2,667**	**1,388**	**18,742**
Change %	8%	33%	6%	96%	19%

Fee income

Third party fee income[1] of £138.6m was 27% higher than the prior year driven by the investment of those funds that charge fees on invested capital, fees from our recently established secondaries strategy and the CLO issuance programme. Details of movements are shown below:

Fee income	**31 March 2017 £m**	31 March 2016 £m	Change %
Corporate Investments	**78.2**	70.0	12%
Capital Market Investments	**23.7**	17.7	34%
Real Asset Investments	**21.9**	19.1	15%
Secondary Investments	**14.8**	2.1	n/a
Total third party funds	**138.6**	108.9	27%
IC management fee	**18.1**	18.4	(2%)
Total	**156.7**	127.3	23%

Third party fees include £9.8m of performance fees (2016: £14.0m), of which £8.5m (2016: £12.3m) related to Corporate Investments, as the realisation of assets from older vintages helped trigger performance hurdles. Performance fees are an integral recurring part of the fee income profile and profitability stream of the Group.

Third party fees are 78% 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. Therefore the impact of the devaluation of Sterling will be partially felt in both the 2017 and 2018 financial years. Total fee income included an £8.1m FX benefit in the year.

The weighted average fee rate[1], excluding performance fees, across our fee earning AUM is 0.91% (2016: 0.88%). This slight increase is due to Fund mix and reflects the impact of raising the higher fee earning Asia Pacific mezzanine and Strategic Secondaries funds during the year.

Dividend income
Dividend receipts[1] of £23.2m (2016: £19.3m) are higher than prior year due to the increased number and improved performance of CLOs.

Operating expenses
Operating expenses of the FMC were £105.7m (2016: £85.0m), including salaries and incentive scheme costs. The devaluation of Sterling has had a more immediate impact on the cost base where 15% of costs are Euro denominated and 16% US dollar denominated. Costs are £4.7m higher in the year due to FX.

Salaries were £39.0m (2016: £30.4m) as average headcount increased 11% from 215 to 238. This increase is directly related to investing in our capital market investments strategies, the ICG Enterprise Trust team and our operations infrastructure. Incentive scheme costs of £33.8m (2016: £24.5m) are higher as a consequence of strong performance. Other administrative costs have increased to £32.9m (2016: £30.1m) as a result of increased occupancy and IT costs in the current year and the full year impact of ICG Enterprise Trust's administrator costs.

The FMC operating margin[1] was 41.2%, down from 41.9% in the prior year, reflecting the increased operating costs detailed above.

Investment Company

Balance sheet investments
The balance sheet investment portfolio[1] decreased 5% in the year to £1,711.6m at 31 March 2017, as illustrated in the investment portfolio bridge below:

	£m
At 1 April 2016	1,798.0
New and follow on investments	366.0
Net transfer from current assets	36.8
Accrued interest income	94.7
Realisations	(803.7)
Impairments	(48.0)
Fair value gains	117.1
FX and other	150.7
At 31 March 2017	**1,711.6**

Realisations comprise the return of £501.6m of principal, the crystallisation of £85.8m of rolled up interest and £216.3m of realised capital gains.

In the period £276.0m was invested alongside our corporate investments strategies for new and follow on investments. Of the remaining £90.0m, £67.9m was invested in CLOs in accordance with regulatory requirements and £20.6m in our strategic secondaries strategy.

The Sterling value of the portfolio increased by £146.4m due to FX movements. The portfolio is 43% Euro denominated and 32% US dollar denominated. Sterling denominated assets account only for 15% of the portfolio. The Group minimises the FX impact of non-sterling assets through asset/liability management and derivative transactions.

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

	Return profile	As at 31 March 2017 £m	% of total	As at 31 March 2016 £m	% of total
Corporate Investments	15-20%	**1,120**	**66%**	1,305	72%
Capital Market Investments	5-10%	**333**	**19%**	264	15%
Real Asset Investments	c10%	**107**	**6%**	125	7%
Secondary Investments	15-20%	**152**	**9%**	104	6%
Total balance sheet portfolio		**1,712**	**100%**	1,798	100%

In addition, £89.7m (2016: £182.6m) of current assets are held on the balance sheet with the intention of being transferred to third party funds once their fundraising is complete. The use of the balance sheet in this way enables our investment teams to continue to source attractive deals whilst a fund is being raised, and in turn facilitates the fundraising as potential investors can see the types of assets they will be investing in. At 31 March 2017, 86% of these assets related to our real estate and alternative credit strategies.

Investment income

Investment income[1] of £360.8m represents the total income earned from the balance sheet portfolio in the year, analysed as follows:

Investment income	31 March 2017 £m	31 March 2016 £m	Change %
Interest income	**144.7**	126.0	15%
Dividend and other income	**14.7**	21.4	(31%)
Capital gains	**201.4**	128.6	57%
	360.8	276.0	31%

Interest income[1] was above the prior period due to an increase in interest bearing assets in our corporate investments and capital market investments strategies. Cash interest income has increased to 38% (2016: 30%) of the total as the growing US mezzanine and real estate portfolios are weighted towards cash pay interest.

Dividend income[1] was received from our real estate and senior debt funds. The prior year included a dividend from our secondaries investment in the Diamond Castle Partners 2014 LP fund.

Capital gains[1] were, as expected, particularly strong in the financial year as the income statement benefited from the delayed income statement recognition of £54.4m of capital gains recycled from reserves on realisation of the underlying assets. In addition, the valuation of the portfolio as at 31 March 2017 benefited from the strength in global stock markets and the improved performance across a large number of portfolio assets over the last 12 months.

Net realised capital gains[1] in the period were £235.3m (2016: £75.2m), of which £150.9m (2016: £51.2m) had been recognised previously as unrealised gains in the income statement with the remaining £84.4m (2016: £24.0m) recognised in the current year, including the recycling from reserves. Fair valuing the equity and warrants gave rise to a further £112.5m (2016: £144.4m) of unrealised gains in the current period. Of this, £117.0m (2016: £104.6m) is recognised in the income statement and a £4.5m unrealised loss in reserves (2016: £39.8m unrealised gain).

Interest expense

Interest expense[1] of £53.9m was £8.0m higher than the prior period (2016: £45.9m), due to the increase in private placement debt and the FX impact of interest paid on non-Sterling borrowings.

Operating expenses

Operating expenses of the IC[1] amounted to £77.3m (2016: £57.9m), of which incentive scheme costs of £54.2m (2016: £39.7m) were the largest component. The £14.5m increase is due to the cost of balance sheet carry, the Group's IC carry arrangement, increasing and a higher cash bonus accrued as a direct consequence of the high level of realisations in the year. Other staff and administrative costs were £23.1m compared to £18.2m last year, a £4.9m increase. This increase is due to an increase in business development costs, of which the largest component is related to the Australian senior loans strategy, and the amortisation on the ICG Enterprise Trust management contract.

Impairments

During the period we took asset specific impairments[1] of £57.6m compared to £42.8m in the last financial year, with write backs of £9.6m (2016: £3.4m) resulting in net impairments of £48.0m (2016: £39.4m). This is broadly in line with our historic average of 2.5% of the opening IC portfolio.

Group cash flow and debt

The balance sheet remains strong, with £970.8m of available cash and debt facilities at 31 March 2017. The movement in the Group's unutilised cash and debt facilities during the period is detailed as follows:

	£m
Headroom at 31 March 2016	781.3
New bank facilities	91.0
Bank facilities matured	(150.0)
Reduction in bank facilities	(142.9)
Increase in private placements	296.1
Private placements matured	(82.2)
Movement in cash	377.6
Movement in drawn debt	(253.0)
Other (including FX)	52.9
Headroom at 31 March 2017	**970.8**

Total drawn debt at 31 March 2017 was £1,119m compared to £866m at 31 March 2016, with unencumbered cash of £490m compared to £112m at 31 March 2016.

Cashflow

Operating cash inflow[1] for the year was £657.3m (2016: £185.6m), reflecting that our operating model is highly cash generative, as analysed below:

	31 March 2017 £m	31 March 2016 £m
Cash in from realisations	**716.5**	394.3
Cash in from dividends	**29.9**	45.7
Cash in from fees	**148.9**	86.3
Cash in from cash interest	**142.3**	124.3
Cash movement in current assets held in warehouse or for syndication	**153.7**	-
Total cash receipts	**1,191.3**	650.6
Cash interest paid	**(53.0)**	(47.0)
Cash paid to purchase loans and investments	**(366.0)**	(247.1)
Cash movement in current assets held in warehouse or for syndication	**-**	(35.8)
Operating expenses paid	**(115.0)**	(135.1)
Total cash paid	**(534.0)**	(465.0)
Total cash generated from operating activities	**657.3**	185.6

This has been a particularly strong year for cash generation as the FMC has benefited from increased fees and a strong period of realisations from our balance sheet portfolio. Fundraising activities have also enabled current assets held on the balance sheet to be transferred to third party funds.

Capital position

Shareholders' funds decreased by 6% to £1,172.6m (2016: £1,241.2m) in the year, principally due to the £200m special dividend paid during the year. Total debt to shareholders' funds (gearing[1]) as at 31 March 2017 increased to 0.95x from 0.70x. Adjusted return on equity[1] of 18.2% is up 5.3% points from 31 March 2016.

Principal risks and uncertainties

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

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

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

Identifying principal and emerging risks

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

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

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

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

The Directors confirm that they have undertaken a robust assessment of principal risks in line with the requirements of the UK Corporate Governance Code. There were no changes to the list of principal risks of the Group in the year.

Emerging risks are regularly considered to assess any potential impacts on the Group and to determine whether any actions are required. Emerging risks include the risks related to regulatory change and macroeconomic and political change which in the current year have included the UK's decision to leave the European Union.

The Group considers its principal risks across three categories:

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

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

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

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

Monitoring the effectiveness of controls

During the year, the Group further enhanced its processes for monitoring the effectiveness of material controls. Material controls have been defined as those critical to the management of the principal risks of the business. Additional reporting on the effectiveness of material controls is provided to the Board and Risk Committee to support the review of the effectiveness of controls in managing the principal risks.

The Board is provided with a number of risk reports which it uses to review the Group's risk management arrangements and internal controls. The reports enable the Board to make a cumulative assessment of the effectiveness with which internal controls are being managed or mitigated. As part of its review the Board considered whether the processes in place were sufficient to identify all material controls and confirmed that this was the case. The Board confirms that the Group's risk management and internal control systems are operating effectively and material controls operated effectively throughout the year.

Principal risk	Impact	Key risk indicator	Key controls and mitigation	Movement in the year	Focus for FY18
Strategic and business risks					
1 Loss or missed opportunity as a result of major external change (including macroeconomic, regulatory, political and/or competitive impact)	Adverse macroeconomic conditions could reduce the opportunity to deploy capital and impair the ability of the Group to effectively manage its portfolios, reducing the value of future management fees, investment income and performance fees. Adverse macroeconomic conditions could also reduce demand from investors for the Group's funds. Adverse regulatory change could impact on the ability of the Group to deploy capital or could reduce the demand from investors for the Group's funds.	Deterioration of Group performance compared to plan. Impairment rate as a percentage of the opening loan book.	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. The Board receives regular updates on regulatory developments.	No change - During the year this risk has remained elevated due to ongoing political uncertainty. To mitigate the risk associated with the UK's decision to leave the European Union the Board approved the establishment of a Luxembourg licensed entity to ensure the Group maintains access to European Union investors.	Political uncertainty in Europe as a result of the negotiations over the UK's departure from the European Union

Principal risk	Impact	Key risk indicator	Key controls and mitigation	Movement in the year	Focus for FY18
2 Failure to maintain acceptable relative investment performance	Failure to maintain acceptable relative performance in the funds may result in a failure to raise new funds, reducing the Group's long term income and ability to invest in future growth. Investors in open ended funds may reduce or cancel their commitments, reducing AUM and fund management fees. In the short term, fund underperformance may result in lower performance fees in the FMC. For the IC this may result in a lower return on assets as the IC is exposed to credit risk through its co-investments with, and its investments in, funds.	Performance of fund portfolio companies. Performance of certain funds compared to benchmark. Impairment rate as a percentage of the opening loan book.	The Group has disciplined investment policies, and all investments are selected and regularly monitored by the Group's Investment Committees. Disciplined credit procedures are applied both before and during the period of investment. The Group limits the extent of credit risk by diversifying its portfolio assets by sector, size and geography. Continued focus by senior management and executives ensures maximum recovery is achieved.	No change - 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.	Maintaining investment discipline Managing conflict of interests resulting from funds structured to pay fees on invested capital
3 Failure to raise new third party funds	A failure to raise new funds would reduce the Group's long term income and ability to launch new strategies.	Forecast fund inflows.	The Group has built dedicated fundraising and scalable infrastructure teams to grow and diversify its institutional client base by geography and type. The Group has expanded its product portfolio to address a range of investor requirements and continues to build a strong product pipeline.	No change - Investor sentiment remains supportive of the Group's strategies but the fundraising environment is highly competitive. During the year the Group has delivered on its target for raising third party funds.	Maintaining discipline on fees and terms Diversification of risk by selectively expanding the portfolio of investment strategies

Principal risk	Impact	Key risk indicator	Key controls and mitigation	Movement in the year	Focus for FY18
4 Failure to deploy committed capital in a timely manner	Failure to deploy capital reduces the value of future management fees, investment income and performance fees.	The proportion of a fund's capital forecast to be available for investment in the final year of the investment period.	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.	Increased - Competition for new investment opportunities is high and this, together with sustained high asset prices, puts the deployment of funds in line with expectations at risk.	Maintaining investment discipline
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.	Value of net unhedged assets. Percentage of loan book unhedged.	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.	No change - During the year the Group has applied its hedging policy consistently.	Market volatility as a result of political uncertainties, including the impact of the negotiations over the UK's departure from the European Union
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 relative to trading 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.	No change - During the year the Group has applied its policy to manage counterparty credit risk consistently.	Ongoing monitoring of counterparty exposures

Principal risk	Impact	Key risk indicator	Key controls and mitigation	Movement in the year	Focus for FY18
7 Failure to meet the Group's financial obligations as they fall due	An ongoing failure to refinance its liabilities could result in the Group failing to meet its payment obligations as they fall due. As a result the Group would not be a going concern.	Forecast breach of financing principles.	The Group has a policy which seeks to ensure that debt funding is obtained from diversified sources and that the repayment profile is managed to minimise material repayment events. The profile of the debt facilities available to the Group is reviewed frequently by the Treasury Committee.	No change - During the year the Group issued new debt into the US private placement market, extending the weighted average life of its debt facilities. Following the payment of the £200m special dividend the Group's gearing has remained within its target range.	Balance sheet efficiency Regulatory capital requirements
Operational risks					
8 Loss of a 'key person' and inability to recruit into key roles	Breach of any 'Key Man' 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 from 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 man on a material fund.	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 Group has succession plans in place for key employees. These are reviewed by 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.	Increased - There was no significant impact in the year as a result of the loss of any employee. The decision of the Chief Executive to stand down from his executive responsibilities at the AGM will not result in the breach of a Key Man clause. However, the risk of a breach is temporarily increased until additional Key Man nominations are approved by investors.	Managing the impact of the UK's departure from the European Union on our workforce Continued focus on succession planning

Principal risk	Impact	Key risk indicator	Key controls and mitigation	Movement in the year	Focus for FY18
9 Negative financial or reputational impact arising from regulatory or legislative failing	The Group's ability to raise new funds and operate its fund management business would be impaired as a result of a regulatory or legislative failing.	Any material breach of regulations. Other legislative failure.	The Group has a governance structure in place, supported by a risk framework that allows for the identification, control and mitigation of material 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.	No change - During the year the Group has continued to enhance its processes and controls in order to remain compliant with current and expected legislation. There are no regulatory or business developments which have resulted in an increased risk to the Group.	Senior Managers and Certification Regime for Asset Managers MiFID II General Data Protection Regulation
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, its ability to raise new funds and operate its fund management business.	Any material breach or severe disruption due to systems failure. Any material loss or reputational damage arising from external threats.	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.	Increased - 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.	Enhancement of business continuity planning and disaster recovery Continued focus on cybersecurity threats

Principal risk	Impact	Key risk indicator	Key controls and mitigation	Movement in the year	Focus for FY18
11 Loss or missed opportunities arising from failure of key business processes, including third party supplier management, valuation and external reporting	The Group's ability to raise new funds and operate its fund management business would be impaired as a result of the failure of key business processes.	Any failure of business process resulting in significant business disruption, financial or reputational damage.	Control procedures are in place to ensure that key business processes are identified, documented and monitored. Third party suppliers are subject to robust selection process and performance is monitored against agreed service levels with exceptions reported and escalated as appropriate. The effectiveness of the control framework for key business processes is reviewed by the Risk Committee.	No change - There were no significant business process failures during the year.	Oversight of third party service providers

Responsibility statement

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2017. 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 24 May 2017 and is signed on its behalf by:

Christophe Evain	Philip Keller
CEO	CFOO

Consolidated Income Statement

For the year ended 31 March 2017

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Finance and dividend income	**204.2**	207.3
Gains on investments	**286.8**	137.7
Fee and other operating income	**134.1**	104.3
Total revenue	**625.1**	449.3
Finance costs	**(153.4)**	(121.9)
Impairments	**(25.3)**	(8.9)
Administrative expenses	**(194.3)**	(141.9)
Change in deferred consideration estimate	**-**	(17.8)
Share of results of joint ventures accounted for using equity method	**0.3**	-
Profit before tax	**252.4**	158.8
Tax charge	**(34.2)**	(20.2)
Profit for the year	**218.2**	138.6

Attributable to		
Equity holders of the parent	**217.8**	138.6
Non controlling interests	**0.4**	-
	218.2	138.6

Earnings per share	**74.5p**	41.9p
Diluted earnings per share	**74.5p**	41.9p

All activities represent continuing operations.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Profit for the year	**218.2**	138.6
Available for sale financial assets:		
(Losses)/gains arising in the year which may be reclassified to profit or loss in future periods	**(2.6)**	42.6
Reclassification adjustment for net gains recycled to profit	**(45.7)**	(18.0)
Exchange differences on translation of foreign operations	**23.0**	9.5
	(25.3)	34.1
Tax on items taken directly to or transferred from equity	**6.3**	(2.4)
Other comprehensive (expense)/income for the year	**(19.0)**	31.7
Total comprehensive income for the year	**199.2**	170.3

Consolidated Statement of Financial Position

As at 31 March 2017

	31 March 2017 £m	31 March 2016 £m
Non current assets		
Intangible assets	**20.7**	23.6
Property, plant and equipment	**9.2**	8.1
Financial assets: loans, investments and warrants	**4,886.7**	3,715.9
Derivative financial assets	**6.4**	3.3
Deferred tax asset	**0.3**	0.4
	4,923.3	3,751.3
Current assets		
Trade and other receivables	**208.3**	216.4
Financial assets: loans and investments	**89.7**	182.6
Derivative financial assets	**40.3**	28.3
Current tax debtor	**33.7**	15.1
Cash and cash equivalents	**780.9**	182.5
	1,152.9	624.9
Total assets	**6,076.2**	4,376.2
Equity and reserves		
Called up share capital	**77.1**	77.0
Share premium account	**179.0**	177.6
Capital redemption reserve	**5.0**	5.0
Own shares reserve	**(82.2)**	(77.0)
Other reserves	**66.5**	95.5
Retained earnings	**927.2**	963.1
Equity attributable to owners of the Company	**1,172.6**	1,241.2
Non controlling interest	**0.7**	0.9
Total equity	**1,173.3**	1,242.1
Non current liabilities		
Provisions	**1.3**	2.0
Financial liabilities	**4,304.9**	2,674.2
Derivative financial liabilities	**33.6**	31.6
Deferred tax liabilities	**77.0**	51.0
	4,416.8	2,758.8
Current liabilities		
Provisions	**0.7**	0.7
Trade and other payables	**464.8**	233.4
Financial liabilities	**-**	106.6
Current tax creditor	**14.0**	5.1
Derivative financial liabilities	**6.6**	29.5
	486.1	375.3
Total liabilities	**4,902.9**	3,134.1
Total equity and liabilities	**6,076.2**	4,376.2

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Operating activities		
Interest received	**232.4**	206.3
Fees received	**140.4**	77.9
Dividends received	**158.5**	28.4
Interest paid	**(149.4)**	(95.3)
Payments to suppliers and employees	**(135.9)**	(141.2)
Net proceeds from/(purchase of) current financial assets	**153.7**	(35.8)
Purchase of loans and investments	**(2,344.6)**	(1,378.3)
Recoveries on previously impaired assets	**-**	1.7
Proceeds from sale of loans and investments – principal	**1,070.0**	1,034.1
Proceeds from sale of loans and investments – gains on investments	**797.4**	66.6
Cash used in operations	**(77.5)**	(235.6)
Taxes paid	**(7.7)**	(3.9)
Net cash used in operating activities	**(85.2)**	(239.5)
Investing activities		
Purchase of property, plant and equipment	**(4.1)**	(4.2)
Purchase of intangible assets	**-**	(18.3)
Loss of control of subsidiary	**-**	(9.1)
Net cash used in investing activities	**(4.1)**	(31.6)
Financing activities		
Dividends paid	**(270.9)**	(378.2)
Increase in long term borrowings	**1,931.1**	679.1
Repayment of long term borrowings	**(807.9)**	(183.1)
Net cash outflow from derivative contracts	**(150.2)**	(40.5)
Purchase of remaining 49% of Longbow Real Estate Capital LLP	**(41.7)**	-
Purchase of own shares	**(23.6)**	(27.4)
Proceeds on issue of shares	**1.5**	3.4
Net cash generated from financing activities	**638.3**	53.3
Net increase/(decrease) in cash	**549.0**	(217.8)
Cash and cash equivalents at beginning of year	**182.5**	391.9
Effect of foreign exchange rate changes	**49.4**	8.4
Net cash and cash equivalents at end of year	**780.9**	182.5

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments reserve £m	Available for sale reserve £m	Own shares £m	Retained earnings £m	Total £m	Non controlling interest £m	Total equity £m
Balance at 1 April 2016	**77.0**	**177.6**	**5.0**	**43.6**	**51.9**	**(77.0)**	**963.1**	**1,241.2**	**0.9**	**1,242.1**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**217.8**	**217.8**	**0.4**	**218.2**
Available for sale financial assets	**-**	**-**	**-**	**-**	**(48.3)**	**-**	**-**	**(48.3)**	**-**	**(48.3)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**23.0**	**23.0**	**-**	**23.0**
Tax on items taken directly to or transferred from equity	**-**	**-**	**-**	**(2.8)**	**9.1**	**-**	**-**	**6.3**	**-**	**6.3**
Total comprehensive income for the year	**-**	**-**	**-**	**(2.8)**	**(39.2)**	**-**	**240.8**	**198.8**	**0.4**	**199.2**
Movement in control of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**0.6**	**0.6**	**(0.6)**	**-**
Own shares acquired in the year	**-**	**-**	**-**	**-**	**-**	**(23.7)**	**-**	**(23.7)**	**-**	**(23.7)**
Options/awards exercised	**0.1**	**1.4**	**-**	**(12.1)**	**-**	**18.5**	**(6.4)**	**1.5**	**-**	**1.5**
Credit for equity settled share schemes	**-**	**-**	**-**	**25.1**	**-**	**-**	**-**	**25.1**	**-**	**25.1**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(270.9)**	**(270.9)**	**-**	**(270.9)**
Balance at 31 March 2017	**77.1**	**179.0**	**5.0**	**53.8**	**12.7**	**(82.2)**	**927.2**	**1,172.6**	**0.7**	**1,173.3**

	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments reserve £m	Available for sale reserve £m	Own shares £m	Retained earnings £m	Total £m	Non controlling interest £m	Total equity £m
Balance at 1 April 2015	80.6	674.3	1.4	45.8	32.5	(162.0)	783.8	1,456.4	2.2	1,458.6
Profit for the year	-	-	-	-	-	-	138.6	138.6	-	138.6
Available for sale financial assets	-	-	-	-	24.6	-	-	24.6	-	24.6
Exchange differences on translation of foreign operations	-	-	-	-	-	-	9.5	9.5	-	9.5
Tax on items taken directly to or transferred from equity	-	-	-	2.8	(5.2)	-	-	(2.4)	-	(2.4)
Total comprehensive income for the year	-	-	-	2.8	19.4	-	148.1	170.3	-	170.3
Loss of control of subsidiary	-	-	-	-	-	-	(13.4)	(13.4)	(1.3)	(14.7)
Movement in control of subsidiary	-	-	-	-	-	-	10.2	10.2	-	10.2
Own shares acquired in the year	-	-	-	-	-	(24.7)	-	(24.7)	-	(24.7)
Options/awards exercised	-	3.3	-	(22.3)	-	30.4	(8.1)	3.3	-	3.3
Credit for equity settled share schemes	-	-	-	17.3	-	-	-	17.3	-	17.3
Reduction in share premium	-	(500.0)	-	-	-	-	500.0	-	-	-
Cancellation of shares	(3.6)	-	3.6	-	-	79.3	(79.3)	-	-	-
Dividends paid	-	-	-	-	-	-	(378.2)	(378.2)	-	(378.2)
Balance at 31 March 2016	77.0	177.6	5.0	43.6	51.9	(77.0)	963.1	1,241.2	0.9	1,242.1

Notes to the Financial Statements

For the year ended 31 March 2017

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 2017 or 2016. The financial information for the years ended 31 March 2017 and 2016 is derived from the statutory accounts for those years. The statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 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 2017.

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 Committee.

The Group reports the profit of the FMC separately from the profits generated by the IC. The FMC is defined as the operating unit and as such incurs the majority of the Group’s costs, including the cost of the investment network, i.e. the Investment Executives and the local offices, as well as the cost of most support functions, primarily information technology, human resources and marketing. In the current period external fee income has been shown by strategic asset class and interest income and interest expense have been shown separately whereas previously these were disclosed as net interest income. The prior periods have been restated to reflect these changes.

The IC is charged a management fee of 1% of the carrying value of the average investment portfolio by the FMC and this is shown below as fee income. The costs of finance, treasury and portfolio administration teams, and the costs related to being a listed entity, are allocated to the IC. The remuneration of the Executive Directors is allocated equally to the FMC and the IC.

Notes to the Financial Statements continued

For the year ended 31 March 2017

Analysis of income and profit before tax as internally reported

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

Year ended 31 March 2016	Corporate Investments £m	Capital Market Investments £m	Real Asset Investments £m	Secondary Investments £m	Total FMC £m	IC £m	Total £m
External fee income	70.0	17.7	19.1	2.1	108.9	-	108.9
Inter-segmental fee	13.5	2.0	1.7	1.2	18.4	(18.4)	-
Fund management fee income	83.5	19.7	20.8	3.3	127.3	(18.4)	108.9
Other operating income					-	5.0	5.0
Gains on investments					-	128.6	128.6
Interest income					(0.4)	126.0	125.6
Dividend income					19.3	16.4	35.7
					146.2	257.6	403.8
Interest expense					-	(45.9)	(45.9)
Net fair value loss on derivatives					-	(17.3)	(17.3)
Impairment					-	(39.4)	(39.4)
Staff costs					(30.4)	(8.8)	(39.2)
Incentive scheme costs					(24.5)	(39.7)	(64.2)
Other administrative expenses					(30.1)	(9.4)	(39.5)
Profit before tax					61.2	97.1	158.3

For the year ended 31 March 2017

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

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

For internal reporting purposes the interest earned and impairments charged on assets where the Group co-invests in funds (ICG Europe Fund V, ICG Europe Fund VI, ICG Asia Pacific Fund III and ICG North America Private Debt Fund) and where the investment is in a fund where the underlying assets are interest bearing (real estate, liquid credit and senior debt funds) is presented within interest income/impairments whereas under IFRS it is included within the value of the investment/dividends.

The structured entities controlled by the Group are presented as fair value investments for internal reporting purposes, whereas the statutory financial statements present these entities on a fully consolidated basis.

Other adjustments relate to the joint venture investment in Nomura ICG KK which is presented internally on a proportional consolidation basis, whereas it is equity accounted under IFRS and Questus Energy Pty Limited where the costs are included on a line by line basis in the income statement for internal reporting purposes whereas in the IFRS financial statements these are collapsed into a single line, administrative expenses, to reflect its status as a non-controlled entity. In the prior year the one off impacts of the change to the Longbow deferred consideration estimate and EBT settlement were excluded for internal reporting purposes.

Consolidated Income Statement

Year ended 31 March 2017	Internally reported £m	Reclass of interest to dividends and gains £m	Consolidated structured entities £m	Other adjustments £m	Total adjustments £m	Financial statements £m
Fund management fee income	138.6	-	(15.0)	(0.9)	(15.9)	122.7
Other operating income	8.0	-	3.4	-	3.4	11.4
Gains on investments	201.4	51.3	34.6	(0.5)	85.4	286.8
Interest income	144.5	(77.3)	130.6	-	53.3	197.8
Dividend income	29.9	3.3	(26.8)	-	(23.5)	6.4
	522.4	(22.7)	126.8	(1.4)	102.7	625.1
Share of results of joint venture accounted for using equity method	-	-	-	0.3	0.3	0.3
Interest expense	(53.9)	-	(99.0)	-	(99.0)	(152.9)
Net fair value loss/(gain) on derivatives	(1.3)	-	0.8	-	0.8	(0.5)
Impairment	(48.0)	22.7	-	-	22.7	(25.3)
Staff costs	(53.4)	-	-	2.1	2.1	(51.3)
Incentive scheme costs	(88.0)	-	-	-	-	(88.0)
Other administrative expenses	(41.6)	-	(12.0)	(1.4)	(13.4)	(55.0)
Profit before tax	236.2	-	16.6	(0.4)	16.2	252.4

Notes to the Financial Statements continued

For the year ended 31 March 2016

Year ended 31 March 2016	Internally reported £m	Reclass of interest to gains £m	Consolidated structured entities £m	Longbow deferred consideration £m	EBT settlement £m	Other adjustments £m	Total adjustments £m	Financial statements £m
Fund management fee income	108.9	-	(9.9)	-	-	(0.7)	(10.6)	98.3
Other operating income	5.0	-	1.0	-	-	-	1.0	6.0
Gains on investments	128.6	(6.0)	15.5	-	-	(0.4)	9.1	137.7
Interest income	125.6	(24.5)	87.8	-	-	-	63.3	188.9
Dividend income	35.7	-	(17.3)	-	-	-	(17.3)	18.4
	403.8	(30.5)	77.1	-	-	(1.1)	45.5	449.3
Interest expense	(45.9)	-	(57.7)	-	-	-	(57.7)	(103.6)
Net fair value loss on derivatives	(17.3)	-	(1.0)	-	-	-	(1.0)	(18.3)
Impairment	(39.4)	30.5	-	-	-	-	30.5	(8.9)
Staff costs	(39.2)	-	-	-	-	0.4	0.4	(38.8)
Incentive scheme costs	(64.2)	-	-	-	-	-	-	(64.2)
Other administrative expenses	(39.5)	-	(2.2)	-	2.3	0.5	0.6	(38.9)
Change in deferred consideration estimate	-	-	-	(17.8)	-	-	(17.8)	(17.8)
Profit before tax	158.3	-	16.2	(17.8)	2.3	(0.2)	0.5	158.8

Employee Benefit Trust

In the prior year the Group utilised £1.3m of a £3.6m accrual held on the balance sheet as at 31 March 2015 in relation to a claim for taxes in respect of the Employee Benefit Trust (EBT), with the remaining £2.3m released to the income statement.

Longbow Deferred Consideration

In the prior year, the Group acquired the remaining 49% of Longbow Real Estate Capital LLP, thereby giving it 100% of the equity of the UK real estate debt specialist. The final deferred consideration amount was calculated at £41.7m following the outstanding success of this business, resulting in a £17.8m increase to the original estimate. This was recognised through the income statement.

Notes to the Financial Statements continued

For the year ended 31 March 2017

Consolidated Statement of Financial Position

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

31 March 2016	Internally reported £m	Reclass of interest to gains £m	Consolidated structured entities £m	Other adjustments £m	Total adjustments £m	Financial Statements £m
Non current financial assets	1,798.0	(2.9)	1,919.7	1.1	1,917.9	3,715.9
Other non current assets	34.1	-	1.3	-	1.3	35.4
Cash	112.7	-	72.2	(2.4)	69.8	182.5
Current financial assets	182.6	-	-	-	-	182.6
Other current assets	202.8	2.9	55.1	(1.0)	57.0	259.8
Total assets	2,330.2	-	2,048.3	(2.3)	2,046.0	4,376.2
Non current financial liabilities	761.2	-	1,913.0	-	1,913.0	2,674.2
Other non current liabilities	84.6	-	-	-	-	84.6
Current financial liabilities	106.6	-	-	-	-	106.6
Other current liabilities	161.7	-	93.8	13.2	107.0	268.7
Total liabilities	1,114.1	-	2,006.8	13.2	2,020.0	3,134.1
Equity	1,216.1	-	41.5	(15.5)	26.0	1,242.1
Total equity and liabilities	2,330.2	-	2,048.3	(2.3)	2,046.0	4,376.2

Notes to the Financial Statements continued

For the year ended 31 March 2017

Consolidated Statement of Cash Flows

31 March 2017	Internally reported £m	Reclass of dividends from realisations £m	Consolidated structured entities £m	Other adjustments £m	Financial Statements £m
Interest, fees and dividends received	**321.0**	122.4	87.9	-	531.3
Interest paid	**(53.0)**	-	(96.4)	-	(149.4)
Net proceeds from current financial assets	**153.7**	-	-	-	153.7
Purchase of loans and investments	**(366.0)**	-	(1,978.6)	-	(2,344.6)
Cash in from realisations	**716.5**	(122.4)	1,273.3	-	1,867.4
Other operating expenses	**(115.0)**	-	(20.8)	(0.1)	(135.9)
Cash generated from/(used in) operating activities	**657.2**	-	(734.6)	(0.1)	(77.5)
Taxes paid	**(7.7)**	-	-	-	(7.7)
Net cash generated from/(used in) operating activities	**649.5**	-	(734.6)	(0.1)	(85.2)
Net cash used in investing activities	**(4.1)**	-	-	-	(4.1)
Dividends paid	**(270.9)**	-	-	-	(270.9)
Net increase in long-term borrowings	**181.4**	-	941.8	-	1,123.2
Net cash flow from derivatives	**(132.1)**	-	(18.1)	-	(150.2)
Purchase of remaining 49% of Longbow Real Estate Capital LLP	**(41.7)**	-	-	-	(41.7)
Purchase of own shares	**(23.6)**	-	-	-	(23.6)
Proceeds on issue of shares	**1.5**	-	-	-	1.5
Net cash (used in)/generated from financing activities	**(285.4)**	-	923.7	-	638.3
Net increase/(decrease) in cash	**360.0**	-	189.1	(0.1)	549.0
Cash and cash equivalent at beginning of year	**112.7**	-	72.2	(2.4)	182.5
FX impact on cash	**17.6**	-	32.2	(0.4)	49.4
Cash and cash equivalent at end of year	**490.3**	-	293.5	(2.9)	780.9

Notes to the Financial Statements continued

For the year ended 31 March 2017

31 March 2016	Internally reported £m	Consolidated structured entities £m	Other adjustments £m	Financial Statements £m
Interest, fees and dividends received	256.3	58.8	(2.5)	312.6
Interest paid	(47.0)	(48.3)	-	(95.3)
Net purchase of current financial assets	(35.8)	-	-	(35.8)
Purchase of loans and investments	(247.1)	(1,131.2)	-	(1,378.3)
Cash in from realisations	394.3	708.1	-	1,102.4
Other operating expenses	(140.3)	(2.3)	1.4	(141.2)
Cash generated from/(used in) operating activities	180.4	(414.9)	(1.1)	(235.6)
Taxes paid	(3.9)	-	-	(3.9)
Net cash generated from/(used in) operating activities	176.5	(414.9)	(1.1)	(239.5)
Net cash used in investing activities	(22.5)	(9.1)	-	(31.6)
Dividends paid	(378.2)	-	-	(378.2)
Net increase in long-term borrowings	131.1	364.9	-	496.0
Net cash flow from derivatives	(52.5)	12.0	-	(40.5)
Purchase of own shares	(27.4)	-	-	(27.4)
Proceeds on issue of shares	3.4	-	-	3.4
Net cash (used in)/generated from financing activities	(323.6)	376.9	-	53.3
Net decrease in cash	(169.6)	(47.1)	(1.1)	(217.8)
Cash and cash equivalent at beginning of year	278.5	115.3	(1.9)	391.9
FX impact on cash	3.8	4.0	0.6	8.4
Cash and cash equivalent at end of year	112.7	72.2	(2.4)	182.5

3. Dividends

The proposed final ordinary dividend for the year ended 31 March 2017 is 19.5 pence per share (2016: 15.8 pence per share), which will amount to £54.7m (2016: £49.9m).

Of the £70.9m (2016: £78.2m) of ordinary dividends paid during the year, £1.2m were reinvested under the dividend reinvestment plan that was offered to shareholders (2016: £1.1m). In addition, a special dividend of £200m was paid in August 2016, which amounted to 63.4 pence per share (2016: a special dividend of £300m was paid in July 2015, which amounted to 82.6 pence per share).

For the year ended 31 March 2017

4. Earnings per share

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to the equity holders of the Parent	**217.8**	138.6
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**292,255,497**	330,685,568
Effect of dilutive potential ordinary share options	**13,654**	42,077
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**292,269,151**	330,727,645
Earnings per share	**74.5p**	41.9p
Diluted earnings per share	**74.5p**	41.9p

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 2016	330,310,239	15,010,728
Purchased	-	3,611,309
Options/awards exercised	120,681	(3,587,843)
	330,430,920	15,034,194
Share consolidation	(36,714,547)	(1,670,466)
	293,716,373	13,363,728
Purchased	187,351	-
As at 31 March 2017	**293,903,724**	**13,363,728**

On 1 August 2016, the Company undertook a share consolidation issuing eight new ordinary shares at 26 ¼ pence each for each holding of nine existing ordinary shares of 23 ⅓ pence each, reducing shares in issue to 293,716,373.

For the year ended 31 March 2017

5. Tax expense

Analysis of tax on ordinary activities	**Year ended 31 March 2017 £m**	Year ended 31 March 2016 £m
Current tax		
Current year	**11.6**	3.1
Prior year adjustment	**(9.7)**	2.8
	1.9	5.9
Deferred tax		
Current year	**26.8**	16.4
Prior year adjustment	**5.5**	(2.1)
	32.3	14.3
Tax charge on profit on ordinary activities	**34.2**	20.2

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Profit on ordinary activities before tax	**252.4**	158.8
Profit before tax multiplied by the rate of corporation tax in the UK of 20%	**50.5**	31.8
Effects of:		
Non deductible expenditure	**6.7**	4.7
Non taxable income	**(3.3)**	(3.4)
Overseas withholding tax suffered	**-**	0.6
Different tax rates of overseas subsidiaries	**(16.5)**	(13.4)
Current year risk provision charge – current tax	**2.9**	-
Changes in statutory tax rates	**(1.9)**	(0.8)
Prior year adjustment to current tax	**(9.7)**	2.8
Prior year adjustment to deferred tax	**5.5**	(2.1)
Current tax charge for the year	**34.2**	20.2

The Group's effective tax rate is lower than the standard rate of UK corporation tax of 20%. This is principally due to the impact of differences in overseas tax rates where we invest directly into funds which are based offshore. The Group is currently reviewing its transfer pricing policies and documentation in the light of the revised 'Base Erosion Profit Shifting' (BEPS) guidelines issued by the OECD. While the Group has low tax risk status in the UK, and no open enquiries elsewhere, a provision has been recorded until the review is finalised and the application of the BEPS guidelines by the tax authorities is known. The adjustments in respect of prior years relate to the carry back of UK tax losses into a prior period.

For the year ended 31 March 2017

6. Gains and losses arising on investments

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

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Realised gains on ordinary shares recycled to profit	**(54.4)**	(19.8)
Impairments of AFS financial assets recycled to profit	**8.7**	1.8
Reclassification adjustment for net gains recycled to profit	**(45.7)**	(18.0)
Gains and losses arising on AFS financial assets		
- Fair value movement on equity instruments	**(3.4)**	38.4
- Fair value movement on other assets	**(1.1)**	1.4
Foreign exchange	**1.9**	2.8
(Losses)/gains arising in the AFS reserve in the year	**(2.6)**	42.6
Net movement in the AFS reserve in the year	**(48.3)**	24.6

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

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Realised gains on warrants	**-**	0.3
Realised gains/(losses) on assets designated as FVTPL	**13.2**	(1.0)
Realised gains in structured entities controlled by the Group	**7.7**	5.7
Realised gains on AFS financial assets recycled from AFS reserves	**54.4**	19.8
Realised gains on other assets	**16.8**	2.1
	92.1	26.9
Unrealised gains/(losses) on assets designated as FVTPL		
- On equity instruments excluding those held within structured entities controlled by the Group	**169.2**	95.9
- On warrants	**0.7**	17.1
- In structured entities controlled by the Group	**109.8**	(81.8)
	279.7	31.2
Unrealised (losses)/gains on liabilities designated as FVTPL		
- In structured entities controlled by the Group	**(95.7)**	70.9
Realised gains on liabilities designated as FVTPL		
- In structured entities controlled by the Group	**10.7**	8.8
Fair value movements on FVTPL financial assets	**286.8**	137.8
Realised losses on amortised cost assets	**-**	(0.1)
Gains on investments	**286.8**	137.7

Reporting by strategic asset class

	Year ended 31 March 2017		Year ended 31 March 2016	
	AUM (€m)	**Fees (£m)**	AUM (€m)	Fees (£m)
Corporate Investments				
Management Fee Income - Mezzanine	**6,137**	**56.2**	6,008	48.1
Performance Fee Income - Mezzanine	**-**	**7.3**	-	9.7
Management Fee Income - Senior Debt Partners	**4,385**	**13.5**	4,423	9.6
Performance Fee Income - Senior Debt Partners	**-**	**1.2**	-	2.6
Management Fee Income - Australian Senior Loans	**283**	**-**	-	-
	10,805	**78.2**	10,431	70.0
IC co-investment - Mezzanine	**1,275**	**11.8**	1,611	12.7
IC co-investment - Senior Debt Partners	**38**	**0.3**	41	0.3
IC co-investment - Australian Senior Loans	**-**	**0.6**	81	0.5
Total	**12,118**	**90.9**	12,164	83.5
Capital Market Investments				
CLOs	**5,383**	**20.4**	4,015	15.4
Managed Accounts and Pooled Funds	**788**	**2.9**	622	2.2
Performance Fee Income	**-**	**0.4**	-	0.1
	6,171	**23.7**	4,637	17.7
IC co-investment	**390**	**2.1**	249	2.0
Total	**6,561**	**25.8**	4,886	19.7
Real Asset Investments				
Management Fee Income	**3,290**	**20.9**	3,305	17.4
Performance Fee Income	**-**	**1.0**	-	1.7
	3,290	**21.9**	3,305	19.1
IC co-investment	**126**	**1.7**	157	1.7
Total	**3,416**	**23.6**	3,462	20.8
Secondary Investments				
Management Fee Income	**1,551**	**14.5**	939	2.1
Performance Fee Income	**-**	**0.3**	-	-
	1,551	**14.8**	939	2.1
IC co-investment	**179**	**1.6**	131	1.2
Total	**1,730**	**16.4**	1,070	3.3
Total External	**21,817**	**138.6**	19,312	108.9
Total IC co-investment	**2,008**	**18.1**	2,270	18.4
Total	**23,825**	**156.7**	21,582	127.3

Glossary

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

Term	Short form	Definition
Adjusted earnings per share	Adjusted EPS	Adjusted profit after tax (annualised when reporting a six month period's results) divided by the weighted average number of ordinary shares as detailed in note 4.
Adjusted Group profit before tax		Group profit before tax adjusted for the impact of the consolidated structured entities, the presentation of Nomura ICG KK and Questus Energy Pty Limited (other adjustments) and the fair value movements on derivatives. In the prior year profit was also adjusted for changes to the estimate of Longbow deferred consideration and the impact of the settlement of the employee benefit trust. As at 31 March 2017, this is calculated as follows: Profit before tax £252.4m Plus other adjustments £0.4m Plus fair value movement of derivatives £1.3m Less consolidated structured entities (£16.6m) **Adjusted group profit before tax £237.5m**
Adjusted Investment Company profit before tax		Investment Company profit adjusted for the impact of the consolidated structured entities, the presentation of Nomura ICG KK and Questus Energy Pty Limited (other adjustments) and the fair value movements on derivatives. In the prior year profit was also adjusted for changes to the estimate of Longbow deferred consideration and the impact of the settlement of the employee benefit trust. As at 31 March 2017, this is calculated as follows: Investment Company profit before tax £178.4m Plus other adjustments £0.4m Plus fair value movement of derivatives £1.3m Less consolidated structured entities (£16.6m) **Adjusted Investment Company profit before tax £163.5m**
Adjusted return on equity		Adjusted profit after tax divided by average shareholders' funds for the period. As at 31 March 2017, this is calculated as follows: Adjusted profit after tax £202.6m Average shareholders' funds £1,115.8m **Adjusted return on equity 18.2%**
Balance sheet investment portfolio		The balance sheet investment portfolio represents non-current financial assets from the Statement of Financial Position, adjusted for the impact of the consolidated structured entities and the presentation of Nomura ICG KK (other adjustments). See note 2 for a full reconciliation.
Capital gains		Capital gains represent the increase in value of equity investments. Capital gains reported on an internal basis excludes the impact of the consolidated structured entities and excludes capital gains where the Group's investment is through a fund

		structure, but the underlying assets are interest bearing. See note 2 for a full reconciliation.
Dividend income		Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities and includes dividends on assets where the Group's co-investment is through a fund structure. See note 2 for a full reconciliation.
Earnings per share		Profit after tax (annualised when reporting a six month period's results) divided by the weighted average number of ordinary shares as detailed in note 4.
Gearing		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 2017, this is calculated as follows: Gross borrowings £1,119m Shareholders' funds £1,173m **Gearing 0.95x**
Impairments		Impairments are recognised on debt instruments to the extent that the debt is deemed irrecoverable. Impairments are reported on an internal basis and includes impairments on assets where the Group's co-investment is through a fund structure, but the underlying assets are interest bearing. See note 2 for a full reconciliation.
Interest expense		Interest expense excludes the cost of financing associated with the consolidated structured entities. See note 2 for a full reconciliation.
Interest income		Interest income is contractual income earned on debt investments. Interest income reported on an internal basis excludes the impact of the consolidated structured entities and includes interest income on assets where the Group's co-investment is through a fund structure, but the underlying assets are interest bearing. See note 2 for a full reconciliation.
Investment income		Investment income is the total of interest income, capital gains and dividend and other income.
Net asset value per share		Total equity from the Statement of Financial Position divided by the closing number of ordinary shares. As at 31 March 2017, this is calculated as follows: Total equity £1,173m Closing number of ordinary shares 280,539,996 **Net asset value per share 418p**
Net current assets		The total of cash, plus current financial assets, plus other current assets, less current liabilities as internally reported. This excludes the consolidated structured entities and the presentation of Nomura ICG KK and Questus Energy Pty Limited (other adjustments). As at 31 March 2017, this is calculated as follows: Cash £490.3m Current financial assets £89.7m Other current assets £172.9m Current liabilities (£158.8m) **Net current assets £594.1m**

Net debt		Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities and the presentation of Nomura ICG KK and Questus Energy Pty Limited (other adjustments). As at 31 March 2017, this is calculated as follows: Total drawn debt £1,119.0m Less unencumbered cash (£489.9m) **Net debt** **£629.1m**
Operating cashflow		Operating cashflow represents the cash generated from operating activities from the Statement of Cash Flows, adjusted for the impact of the consolidated structured entities, the presentation of Nomura ICG KK (other adjustments). See note 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 Nomura ICG KK and Questus Energy Pty Limited (other adjustments). 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 2017 this is calculated as follows: Fund Management Company Profit £74.0m Fund Management Company Total Revenue £179.7m **Operating profit margin** **41.2%**
Return on assets	ROA	Returns divided by the average balance sheet investment portfolio. Returns comprise interest and dividend income, plus net capital gains, less impairments (as defined in this glossary) on the balance sheet investment portfolio, i.e. excluding assets held for sale. As at 31 March 2017 this is calculated as follows: Interest income £127.2m Dividend and other income £37.9m Capital gains £184.6m Net impairments (£48.0m) **Total returns** **£301.7m** Average balance sheet £1,755m **Return on assets** **17.2%**
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.
Assets under management	AUM	Value of all funds and assets managed by the FMC. During the investment period third party (external) AUM is measured on the basis of committed capital. Once outside the investment period third party AUM is measured on the basis of cost of investment. AUM is presented in Euros, with non Euro denominated at the period end closing rate.
Catch up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
Closed end fund		A fund where investor’s commitments are fixed for the duration of the fund and the fund has a defined investment period.
Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
Collateralised Debt Obligation	CDO	Investment grade security backed by a pool of non mortgage based bonds, loans and other assets.
Collateralised Loan Obligation	CLO	CLO is a type of CDO, which is backed by a portfolio of loans.
Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, inactive secondary market.
EBITDA		Earnings before interest, tax, depreciation and amortisation.
Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group’s employee share schemes.
Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service firms in provision of services to consumers.
Financial Reporting Council	FRC	UK’s independent regulator responsible for promoting high quality corporate governance and reporting.
Fund Management Company	FMC	The Group’s fund management business, which sources and manages investments on behalf of the IC and third party funds.
HMRC		HM Revenue & Customs, the UK tax authority.
IAS		International Accounting Standards.
IFRS		International Financial Reporting Standards as adopted by the European Union.
Illiquid assets		Asset classes which are not actively traded.
Internal Capital Adequacy Assessment Process	ICAAP	The ICAAP allows companies to assess the level of capital that adequately supports all relevant current and future risks in their business.
Investment Company	IC	The Investment Company invests the Group’s capital in support of third party fundraising and funds the development of new strategies.
Internal Rate of Return	IRR	The annualised return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the asset.

Key Man		Certain funds have designated Key Men. The departure of a Key Man without adequate replacement triggers a contractual right for investors to cancel their commitments.
Key performance indicator	KPI	A business metric used to evaluate factors that are crucial to the success of an organisation.
Key risk indicator	KRI	A measure used to indicate how risky an activity is. It is an indicator of the possibility of future adverse impact.
Liquid assets		Asset classes with an active, established market in which assets may be readily bought and sold.
Open ended fund		A fund which remains open to new commitments and where an investor's commitment may be redeemed with appropriate notice.
Payment in kind	PIK	Also known as rolled up interest. PIK is the interest accruing on a loan until maturity or refinancing, without any cash flows until that time.
Performance fees	Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
Realisation		The return of invested capital in the form of principal, rolled up interest and/or capital gain.
Securitisation		A form of financial structuring whereby a pool of assets is used as security (collateral) for the issue of new financial instruments.
Senior debt		Senior debt ranks above mezzanine and equity.
Total AUM		The aggregate of the third party external AUM and the Investment Company's balance sheet.
UK Corporate Governance Code	The Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.
UNPRI		UN Principles for Responsible Investing.
Weighted average		An average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.

Company timetable

Ex-dividend date	15 June 2017
Record date	16 June 2017
Last date for dividend reinvestment election	14 July 2017
AGM and Trading statement	25 July 2017
Payment of ordinary dividend	4 August 2017
Half year results announcement	14 November 2017