Preliminary Results
for the year ended 31 March 2014

Embargoed until 7.00am on 20 May 2014

Intermediate Capital Group plc (ICG) announces its preliminary results for the year ended 31 March 2014

Operational Highlights

- Record fundraising year across products, with third party AUM up 8% to €10.7bn. A record period of realisations leaves total AUM flat at €13.0bn
- Fundraising achievements include: ICG Longbow's third fund closing at £700m; largest issuer of European CLOs raising €1.3bn; and ICG's first ever US fund, a $371m CLO. Since the year end Senior Debt Partners closed at its €1.7bn hard cap and our US Private Debt Fund had a $450m first close
- Record level of realisations reinforcing our strong track record and generating £1.1bn of cash for our Investment Company
- New funds investing on target with ICG Europe Fund V 58% invested, ICG Longbow III 37% invested and Senior Debt Partners 42% invested. A solid pipeline of investment opportunities in a highly competitive investment market
- Investment portfolio remains broadly resilient. Smaller number of weaker assets continue to underperform but are reducing in number

Financial Highlights

- Group profit before tax up 11% on FY13 at £158.7m compared to £142.6m, adjusted[1] Group profit before tax of £175.1m compared to £148.3m in FY13 primarily due to a high level of exits from portfolio assets in FY14
- Fund Management Company profit of £35.0m compared to £40.4m in FY13
- Investment Company profit[1] of £140.1m compared to £107.9m in FY13
- Strong balance sheet with unutilised cash and debt facilities of approximately £678m. This follows a period of strong realisations and enables the FMC to seed new products and growth initiatives strengthening long term profitability
- Final dividend of 14.4 pence per share, bringing the total dividend for the year to 21.0 pence, up 5% on FY13, and a share buyback programme of up to £100m launched

	31 March 2014	31 March 2013
Fund Management Company profit before tax	**£35.0m**	£40.4m
Adjusted Investment Company profit before tax[1,2]	**£140.1m**	£107.9m
Adjusted Group profit before tax[1,2]	**£175.1m**	£148.3m
Group profit before tax	**£158.7m**	£142.6m
Group profit after tax	**£137.4m**	£123.8m
Adjusted Earnings per share[1,2]	**39.9p**	33.6p
Earnings per share	**35.7p**	32.1p
Cash core income	**£231.7m**	£39.9m
Dividend per share	**21.0p**	20.0p
Investment portfolio[3]	**€2,311m**	€3,030m
Third party assets under management	**€10,669m**	€9,900m

[1]Excluding the impact of fair value charges on derivatives (FY14: £16.4m; FY13: £5.7m)
[2]Net impairments exclude a provision of £17.3m on a restructured asset with a corresponding uplift in unrealised capital gains
[3]Excludes the impact of consolidating the US CLO

The definitions for Fund Management Company (FMC), Investment Company (IC), Cash core income, Assets under management (AUM) are available in the Glossary

Commenting on ICG's 2014 full year results, Christophe Evain, CEO, said:

"ICG has delivered a good set of results, with steady overall growth in group profits up 11% and a strong increase in third party AUM at a time when assets have exited our portfolios at a record rate due to favourable market conditions. We continue to fund raise well and develop new opportunities for investors in line with our strategy to develop our third party fund management business.

In light of ICG's strong financial discipline and balance sheet we are increasing our dividend by 5% for this year and announcing a share buyback programme of up to £100m as we seek to balance returns to shareholders and further investment in growing our fund management capabilities.

"Our business model and 25 year track record position us well to continue to capture market share. There is no doubt that investor interest in credit strategies is increasing. This is due to more positive economic sentiment around the world combined with the need to diversify sources of yield in portfolios and the demand for alternative sources of finance in the new lending landscape. In light of this market we see the momentum in growing our business continuing".

A presentation for analysts will be held at 8.30am BST today at ICG's offices, Juxon House, 100 St Paul's Courtyard, London, EC4M 8BU. The webcast of ICG's analyst presentation will be available at www.icgplc.com from 14:00.

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

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About ICG

ICG is a specialist asset manager providing mezzanine finance, private debt, leveraged credit and minority equity, managing €13.0bn of assets in third party funds and proprietary capital. ICG has a large and experienced investment team operating from its head office in London with a strong local network of offices in Paris, Madrid, Stockholm, Frankfurt, Amsterdam, Hong Kong, Sydney, New York, Tokyo and Singapore. Its stock (ticker symbol: ICP) is listed on the London Stock Exchange. ICG is regulated in the UK by the Financial Conduct Authority (FCA). Further information is available at: www.icgplc.com.

Chairman's and Chief Executive's Statement

The 25th year of ICG's existence marks an important step in the transformation of the Group. From a niche European mezzanine investment firm, we have evolved into a specialist asset manager providing mezzanine finance, private debt, leveraged credit and minority equity to mid market corporates in Europe, Asia and the US and to real estate in the UK. This has been achieved through significant, yet disciplined, investment in people, systems and infrastructure. More importantly, this was only made possible by leveraging our enviable investment track record based on selective and active portfolio management, as well as an access to capital resources that few of our competitors enjoy.

In many respects, this past year has given us confidence in the success of our strategy.

Wave of liquidity leads to a record breaking year

We have had a record fundraising year and realised a record amount of cash for our fund investors and balance sheet, aided by the increased availability of capital in the economy. As a result we are managing €13.0bn of assets in third party funds and proprietary capital, up 0.4% on March 2013.

As historically low levels of interest rates induced investors to search for higher yielding assets, we were able to raise €3.8bn of third party money, up 69% compared to our previous highest fundraising effort. First time funds and new strategies represent 45% of the total raised, spearheaded by Senior Debt Partners, our European direct lending strategy, and our first US CLO. Another key measure of success is the ability to close funds at their hard cap – the maximum permitted size. Both our ICG Longbow III mezzanine fund at £700m and our Senior Debt Partners strategy at €1.7bn closed at that hard cap level. The Group was also a leading issuer of European CLOs during the year, raising €1.3bn from three fundraisings, two of which were upsized during the fundraising process. This momentum has continued into the new financial year as our US Private Debt Fund had a $450m first close, including $200m from ICG.

The strong year of realisations, which follows a period of low realisations, has provided further evidence of our ability to generate good cash returns from our portfolio and continue to enhance our track record. We have realised over £1.1bn of cash for our balance sheet and £2.7bn to our fund investors during the year. This includes the full or partial repayment of 12 of the Group's opening top 20 assets and the corresponding positions in our mezzanine funds, achieving an average money multiple on those assets of 2.1x. We have retained a minority equity position in many of these assets which we expect to realise in the next few years. As many of these investments were made when the balance sheet invested more than the third party mezzanine funds in any given deal the impact of these realisations has been felt most strongly on the size of our balance sheet portfolio. Whilst the short term impact of these successful realisations reduces our volume of assets under management, the returns generated further enhance our track record and help to lay the ground for ongoing future fund raising success, as evidenced by our momentum in growing third party AUM during the year.

The more benign environment in debt markets makes the investment market more competitive for our teams and generating attractive opportunities, whilst maintaining our historical credit discipline, has become more challenging. During the year we nevertheless invested a record £630.8m on behalf of our mezzanine funds, £524.3m on behalf of our Senior Debt Partners strategy and £330.0m on behalf of our real estate funds. In addition, ICG co-invested £212.4m alongside our mezzanine funds and committed £181.1m of capital to our credit and real estate funds. All these funds have been deploying capital at, or ahead of, investors' expectations without compromising our rigorous investment discipline and process. This is testament to our teams' ability to originate local transactions and their propensity to offer innovative financing solutions.

A small number of weaker assets within our investment portfolio continue to underperform and we took specific provisions against a number of these assets during the year. The level of provisions against our weaker assets, borne out of the financial crisis, should reduce as we actively manage these remaining weaker investments. Elsewhere the portfolio is performing solidly, and the assets we have restructured during the year are showing signs of improving performance.

Dividends and capital management

We are committed to financial discipline, both in terms of the quality of investment and strategic allocation of resources, as well as ensuring that an appropriate capital structure is maintained, all targeted to generate strong returns for shareholders. We allocate capital to strategies which are expected to create long term

value, whilst giving consideration to maintaining broad access to financing sources and debt markets, and ensuring sufficient robustness for the Group to withstand periods of market stress.

We seek to maximise the value of the business by applying balance sheet capital in three main ways, namely:

1. Continuing to invest in well established strategies such as European Mezzanine and CLOs
2. Investing in strategies that have been established but continue to mature such as Longbow and Senior Debt Partners
3. Providing capital to incubate selective new strategies that expand ICG's geographical and product offering such as the Nomura partnership and US Private Debt funds

The investment of balance sheet capital in a broader range of fund management products will create sustainable earning streams as these strategies mature. As this occurs, the Fund Management Company will be generating a greater level of reliable earnings which the Board strongly believes will translate into strong shareholder returns. This will enable the Group to improve its return on equity over the medium term.

We consider it important that the Group maintains a strong balance sheet position with a consistent access to the debt markets. Accordingly, considerations such as maintaining a strong and stable credit rating and the financial covenants to lenders are factored into the Board's assessment of the Group's capital structure.

We also understand the value that shareholders place on regular and sustainable dividend payments and we remain committed to a dividend policy linked to cash core income. In addition to this, we perform an ongoing assessment of the Group's capital requirements with reference to the above factors over a three year horizon and should there be any capital surplus to requirements, we will look to return capital to shareholders at the appropriate time.

Following a review of cash core income over a three year period, the Board recommend a final dividend of 14.4 pence per share, making a total of 21.0 pence per share for the year, up 5% on last year. If approved at the AGM, the dividend will be paid on 28 July 2014 to shareholders on the register on 13 June 2014. The Board has decided to maintain the dividend reinvestment plan (DRIP). Whilst the Group currently is investing significant capital into the development of the strength and breadth of the Fund Management business, after a record year of realisations we believe that there is scope to reduce the capital base at this time. We therefore announce our intention to launch a share buyback programme of up to £100m which will be conducted via market purchases over the coming twelve months.

Our employees

Our people are critical to the business developing as a third party asset manager and achieving our strategic priorities. On behalf of the Board, we thank them wholeheartedly for the enormous efforts they have made during the last year. Without their commitment we would not have been able to raise and invest our funds, manage our assets successfully and open up attractive new markets to facilitate the continued growth of our business.

Looking ahead

Our strong balance sheet, scalable infrastructure and dedicated global distribution team mean we are well positioned to continue to develop as a third party asset manager.

Our product pipeline is stronger than ever before which is underpinning the momentum in our fundraising. In addition to raising money for well established products, like European CLOs, during the year ahead we aim to continue to expand our geographical and product offering. We are currently in the market with a US private/mezzanine debt fund, an Australian senior loans fund and our third Asia Pacific fund. Preparations are also ongoing for a domestic Japanese mezzanine fund in partnership with Nomura, an alternative credit product, following a recent team hire and further US CLOs.

We are focused on managing our portfolio, with a particular focus on the small number of weaker assets, to maximise value for our investors. The continued availability of debt means our investment teams will need to maintain their investment discipline in the competitive environment and we will continue to see a steady stream of realisations.

For the last 25 years we have built upon the vision of our founders. Whilst we are proud of our accomplishments, the achievements of the last year mean that we are confident that we are building for another 25 years of success.

Business Review

Market review

As has become increasingly the case over the past five years, the single most important factor driving our markets is the impact of non conventional monetary policies. As central banks have stepped in to stimulate growth and balance the absence of government latitude in economic policy, financial markets have been flooded with liquidity. This increased level of cash in the market, combined with interest rates driven to historically low levels, and a decline in the banks' appetite to lend to mid market corporates have given rise to a new lending landscape. As an alternative asset manager, there are significant opportunities offered by this market to continue our growth and development.

Fundraising market

The fundraising market has become increasingly favourable to well established fund managers as institutional investors – corporate pension funds, insurance companies, local authorities, sovereign wealth funds and other financial institutions – have significant cash available to deploy. In order to compensate for the poor returns generated by traditional asset classes such as equities and fixed income, in which these institutions predominantly invest, more and more they also allocate capital to alternative asset classes. These have the benefit of providing portfolio diversity as well as increasing the return potential by taking more risk. This shift is exacerbated by the significant growth in market liquidity which pushes further the appetite of investors for alternative asset classes.

As at the end of March there were over 2,100 private equity type funds in the market targeting an aggregate of $750bn in commitments, of which 26% were targeted towards mezzanine and real estate strategies. There is little doubt that the combination of liquidity and a more frantic search for yield have made fundraising less challenging than in the aftermath of the financial crisis. In spite of this, we still see investors continuing to favour caution and those established fund managers who can evidence a long established and reliable track record. This cautiousness is evidenced in the time taken to raise first time funds, which generally remains high.

These changing dynamics in the financing market have given the Group a favourable landscape against which to fundraise and grow assets under management. Further, by broadening our product range and geographical footprint we have become increasingly attractive to investors seeking to award multi-strategy or geographically diversified mandates.

Credit market

Whilst there continue to be significant differences between the regions, sectors and asset classes in which we operate there are some common features that provide a broad context to these markets.

Over the last four years bank lending into the mid market has declined sharply. Whilst banks have not completely withdrawn from corporate assets or real estate lending, we expect their appetite to lend to mid market corporates and real estate will remain muted.

Financing history tends to show that financing gaps do not extend for lengthy periods. As banks reduced their exposure, they left a void which is now being filled by institution led financing and specialist asset managers such as ICG, supported by a healthy fund raising market. New institutional entrants into the market combined with growing investor confidence in the stability of the Eurozone are now creating an increasingly competitive environment in the loan and high yield markets. The availability of senior debt and sponsors' unused capital means the demand for traditional mezzanine financing remains low. Further, the competition for assets means that both pricing and terms are under pressure in Europe. In this market, the combined strength of our local origination teams, innovative structuring skills and sector specialists come to the fore as we are able to continue to source deals for our originated funds, while limiting any pressure on terms.

European CLO issuance, which had been fairly modest since the financial crisis, has made a limited comeback. Those institutions that have been able to issue CLOs are the larger institutions, like us, who have the capacity to meet the regulatory requirement to invest at least 5% of any fund. The recovery of the market is also hindered by the uncertainty surrounding the treatment of investments into CLOs by US banks. In spite of this relatively slow recovery, there has been no shortage of liquidity in the syndicated loan market. CLOs are the most prevalent form of loan investment vehicles but across European markets institutional investors have been increasingly active, buying loans directly, or through separately managed accounts. As the bond market continued to be extremely liquid larger companies have had little difficulty getting financed. The buyout

market has been impacted by the combined competition of corporate M&A activity and a buoyant IPO market, rather than from the lack of available financing.

The direct lending market has been more attractive as this is the segment which has suffered the most from the gradual withdrawal of the banks. 2014 has seen more normalised conditions with an increased number of direct lending funds compensating for the weakness of bank finance. Lending conditions overall remain attractive and conducive to the development of a lending strategy for the long term.

The UK commercial real estate market is seeing an increased level of activity. To date this has been across the risk spectrum, with attractive opportunities in senior debt and whole loans, as well as mezzanine. The banks have begun lending, but they remain minority players, have lengthy approval processes and appear to be limiting their support to their core client base.

The US market is buoyant with high levels of inflows into CLOs and mutual funds. The CLO market is still very active despite the uncertainty surrounding the implementation of part of the Dodd-Frank Act which restricts certain US banks from holding bonds, including CLO debt tranches, as an investment. The very liquid credit markets combined with well capitalised sponsors make the competition for assets, particularly for larger companies, quite intense. Sponsors are well capitalised and whilst the new deal flow has increased from 2012, there remains a very limited supply.

Across the Asia Pacific market there has been steady growth. Principal sources of capital for investment are the banks, which remain well capitalised, private equity sponsors and institutional direct investors including the local sovereign wealth and pension funds. Only Australia has an embryonic institutional debt market. The region is relatively well funded with ample liquidity for investment making competition for assets high, particularly companies with enterprise values in excess of $200m. The supply of new deals is limited, and the current focus is the optimisation of financing structures for existing buyouts and maximising returns to the equity sponsors. In this complex and diverse market, origination skills and length of experience are particularly important and allow our team to continue winning new business.

Operating review

We have continued to make progress towards delivering our strategic priorities:

1. Grow assets under management
2. Invest selectively
3. Manage portfolios to maximise value

1. Grow assets under management

A key measure of the success of our strategy to grow the 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 the profitability of the FMC.

At €3.8bn, we have had another record breaking fundraising year, raising more third party money in a single financial year than ever before, across multiple products and in multiple geographies. Of this 45% of the fundraising was in relation to first time funds, introducing brand new sustainable fee streams to the Group. As these funds charge fees on invested capital the fees will ramp up during the investment period. This is further evidence that the investment made in recent years is helping us to deliver our strategy.

After a sustained period of low realisations, we saw a significant increase in the number of realisations during the year. The cash generated from these realisations is proving to be a competitive advantage enabling the Group to invest in developing a broad range of new products.

In the year to 31 March 2014, AUM increased 0.4% to €13.0bn as the outflows from the high level of realisations offset the fundraising inflows. As expected, the impact of realising the older, pre 2010, assets has been felt principally by the balance sheet portfolio, down 24%, as the balance sheet had contributed more than third party funds to each investment. Third party funds have increased 8% to €10.7bn.

Third party mezzanine funds
Third party mezzanine funds under management have decreased by 16% to €3.7bn in the period due to the realisation of assets in the older European and Asia Pacific Funds.

On the fundraising front since the year end we have had a $450m first close on our US Private Debt Fund, which included $200m from ICG. We have also recently begun to market our third Asia Pacific fund and we expect a first close during FY15. Preparations are also well advanced for the launch of a domestic Japanese mezzanine fund through our 50:50 partnership with Nomura. This strategic partnership was signed in November 2013 and will facilitate the structuring and distribution of new domestic mezzanine investments and funds in Japan.

Credit funds
Third party credit funds under management have increased 15% to €5.7bn, with the new AUM of €3.0bn raised in the year outstripping the run off of our older CLOs funds and a reduction in private mandates.

The growth of AUM is directly attributable to the success of our direct lending product, Senior Debt Partners, which raised €1.3bn during the year. Aligned to this product is a mandate of £163m (€191m) of Business Finance Partnership funds received from HM Treasury, which will be invested in mid market companies across the UK. Since the year end, a further €0.3bn of AUM has been raised closing the strategy at its maximum permitted size of €1.7bn, well in excess of the €1.0bn target.

The European CLO market has made a tentative return during the year. Our strong balance sheet is proving to be a competitive advantage in this market as the European Capital Requirements Directive requires institutions to contribute at least 5% to the CLOs they manage. During the financial year we raised a total of €1.3bn in three CLOs making us the largest issuer in Europe over this period. We also took the opportunity to extend existing fee streams by using the new CLOs to acquire assets from the redemption of the Eurocredit Opportunities Parallel Fund and the partial redemption of ICG Eos Loan Fund 1 Limited. Offsetting the new AUM was the run off of older funds, the net impact being a reduction in European CLO AUM of €0.1bn.

Over the last two years, we have invested in expanding our US presence which has enabled us to raise our first dedicated US product during the year, a $371m US CLO, including $41m from ICG. This gives us a strong base from which to raise further CLOs and leverage our operating investment in the product.

Our multi asset credit strategies fund 'Total Credit' continues to build on its strong track record since inception. The Fund has seen a 25% increase in NAV since it was launched in July 2012 and returned 10% in the year. This is a good platform from which our distribution team can raise further third party funds.

We continue to invest in broadening our product range and have recently hired a team to support the launch of an alternative credit fund. Elsewhere, we are marketing an Australian Senior Loans fund for which the balance sheet is currently warehousing assets.

Real Estate funds

Third party real estate funds under management have increased 139% in the year to €1.3bn as our UK real estate business, ICG Longbow, continues to perform strongly.

During the year we closed the third ICG Longbow mezzanine fund at its maximum permitted size of £700m, including £50m from ICG. This was well above our original target of £500m and considerably more than the predecessor fund which raised £242m.

We continue to seek to build on our UK real estate investment skills with an expanded product offering. This has led to ICG Longbow being awarded a £150m segregated mandate from a UK pension fund during the year and the recruitment of a small team with an expertise in German real estate.

2. Invest selectively

The investment environment is highly competitive and our teams have to work hard to source and execute transactions. We are therefore delighted to have continued the pace of investment during the year across all our direct investment funds, whilst at the same time maintaining our credit discipline. Our ability to commit and deploy capital quickly is proving to be a key advantage in this competitive market.

The total amount of capital deployed on behalf of the direct investment funds was £1.5bn in the year, a 185% increase on the prior year. In addition, our Investment Company invested a total of £393.5m in the year, compared to £261.9m in the prior year. The investment rate for Senior Debt Partners and ICG Longbow Real Estate III has a direct impact on FMC income as fees are charged on an invested capital basis.

The direct investment funds are investing at the required pace. We closed eight deals in ICG Europe Fund V during the year, taking the fund to 58% invested, half way through its investment period, and completed one further deal since the year end. Our ICG Longbow Real Estate Fund III is 37% invested after signing a further 10 deals, with nine months left of its investment period and Senior Debt Partners is 42% invested having completed 17 deals, a third of the way through its investment period. Our Asia Pacific Fund II was 77% invested at the end of its investment period after signing three further deals during the year. We have also completed one deal in North America.

Our top ten individual investments made during the year across the direct investment funds are:

Company	Fund	Industry	Country	£m*
Euro Cater	Europe V	Retail	Denmark	169.4
Zenith	SDP	Business services	UK	84.9
Vitaldent	Europe V	Healthcare	Spain	84.7
Apem	Europe V	Electronics	France	79.1
Mec3	Europe V	Food products	Italy	73.8
Nora	Europe V	Building materials	Germany	71.7
Westbury Street Holdings	Europe V	Catering	UK	70.0
Inenco	Europe V	Business services	UK	67.5
Ideal Stelrad	SDP	Industrial materials	UK	66.5
Leaders	SDP	Management services	UK	64.0
Total				**831.6**

*Total amount invested on behalf of the fund and our balance sheet.

We have a good pipeline of investment opportunities and significant capital to deploy. However, we will remain extremely selective and maintain our historical rigour in making investment decisions.

3. Manage portfolios to maximise value

After a period where companies were unable to access debt, we saw an increased availability of finance in the market during the year. This provided the opportunity for a number of companies to refinance their existing debt facilities and led to a record year for realisations with the full or partial repayment of 12 of our top 20 assets. The pace of realisations stabilised in the second half of the financial year and this rate has continued into the new financial year.

We have realised over £1.1bn of cash for our Investment Company during the year. In most cases we have retained our minority equity positions in our realised assets. As a result the average internal rate of return from the assets realised in the year of 14% will increase once these assets are fully exited. This makes our portfolios some of the best performing of their respective vintages, generating good returns for our fund investors and cementing our excellent track record.

Net realised capital gains in the period of £140.8m are primarily due to the exit from Allflex, a company the balance sheet had been invested in since 1998. Elsewhere there has been a low level of realised capital gains as companies within our portfolios have refinanced rather than undergone a full exit process. As the performance of the underlying companies improves, thereby increasing their valuation, combined with the return of the IPO market and the pressure of sponsors to return cash to their investors, we expect the number of full exits to increase.

The Investment Company's portfolio continues to demonstrate resilience, with 67% of our portfolio companies by number (75% on a value weighted average basis) performing above or at the same level as the previous year. Our investment teams have been actively engaged in the restructuring of six portfolio companies during the year. Since their restructuring these companies are beginning to show signs of improved performance. There remain a small number of weaker companies within the portfolio who continue to underperform and show no signs of recovery. The fair value of our equity portfolio increased £32.9m during the year.

During the year we took asset specific impairments against our weaker assets, resulting in gross provisions of £133.6m compared to £141.1m in the last financial year. This includes a provision of £17.3m taken on the restructuring of an asset with a corresponding uplift in unrealised capital gains. After write backs of £21.2m during the year, and excluding the provision against the restructured asset, net impairments were £95.1m compared to £80.0m last year. Whilst we do not expect that aggregate net provisions will exceed our long term level in the foreseeable future, to the extent that they are required, provisions are likely to remain lumpy as we continue to closely monitor our weaker assets.

Key priorities for the current year

In the year ahead we aim to maintain and build on our third party fundraising momentum across a broader range of products than ever before:

- Existing strategies – launching the third Asia Pacific Fund and further CLOs
- New geographies – US debt, Australian Senior Loans and Japanese Mezzanine
- New products – Alternative Credit

The first time funds will contribute incremental fee streams to the Group with the successor funds increasing the operating leverage of the Fund Management Company.

We have generated significant capital to deploy in new funds raised over the last two years, and have ambitious fundraising targets for FY15. We aim to deploy the capital raised in line with the required investment run rate, subject to finding investment opportunities with the appropriate risk/return balance. We will maintain our disciplined approach to investment in a highly competitive market.

We aim to maximise returns in older funds by realising assets to crystallise value for the balance sheet and our Fund investors. The timing of these realisations remains uncertain as they are rarely in the Group's control. Since the year end Applus+, our largest single asset, has listed, triggering the repayment of the majority of our investment. During FY15 we will continue to actively manage our portfolios and to proactively work with management and sponsors on working through problems to enhance performance and maximise returns.

Financial Review

This review provides an overview of the Group's financial performance, position and cashflow for the year ending 31 March 2014. The information presented in this review excludes the balance sheet impact of consolidating the US CLO.

Overview

During the year we made strong underlying progress in the development of our fund management business, although this is not yet readily visible in the FMC profit. The IC also had a strong year with record levels of realisations and cash generation. Overall, the Group's profit before tax for the year was up 11% at £158.7m (2013: £142.6m).

	Unadjusted		Adjusted	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Fund Management Company	**35.0**	40.4	**35.0**	40.4
Investment Company	**123.7**	102.2	**140.1**	107.9
Profit before tax	**158.7**	142.6	**175.1**	148.3
Tax	**(21.3)**	(18.8)	**(21.3)**	(18.8)
Profit after tax	**137.4**	123.8	**153.8**	129.5

The adjusted profit of the IC and Group excludes the impact of the fair value charge on hedging derivatives of £16.4m (2013: £5.7m). Throughout this review all numbers are presented excluding this adjusting item.

The effective tax rate for the period is 13% (2013: 13%). The effective tax rate benefits from the current year release of £8.6m of tax risk provisions and, in the prior year, the impact of a £9.0m credit relating to termination payments under the Medium Term Incentive Scheme. Excluding these non recurring credits the effective tax rate was 19% (2013: 20%).

The Group generated an adjusted ROE of 10.2% (2013: 8.9%), an increase on prior year reflecting higher profit after tax driven by higher capital gains and dividend income in the period. Adjusted earnings per share for the period were 39.9p (2013: 33.6p).

The Group has continued to diversify its sources of financing signing £266.0m of new facilities during the year. This, combined with the cash generated from realisations and facilities previously signed becoming available, has resulted in £678.3m of unutilised cash and debt facilities at 31 March 2014. The movement in the Group's unutilised cash and debt facilities during the year is detailed as follows:

	£m
Headroom at 31 March 2013	355.2
Bank facilities matured	(632.6)
Private placements matured	(146.9)
Secured floating rate notes matured	(153.3)
New bank facilities available	498.5
New private placements	89.9
New medium term note	40.3
Movement in cash and drawn debt	628.7
Other (including FX)	(1.5)
Headroom at 31 March 2014	**678.3**

The Group had net current assets of £217.0m (2013: £409.4m net current liabilities) at the end of the year. The increase in net current assets is driven cash from a strong year of realisations being used to repay borrowings.

The Board has recommended a final dividend of 14.4p per share (2013: 13.7p), which will result in a full year dividend of 21.0p per share (2013: 20.0p). In addition, the Board has announced its intention to buy back up to £100m of its share capital over the coming twelve months.

Assets under management

AUM as at 31 March 2014 increased to €12,980m (2013: €12,930m) as fundraising offset a 24% reduction in the IC investment portfolio and a 16% reduction in our mezzanine funds. AUM by business line is detailed below, where all figures are quoted in €m.

	2014 €m	2013 €m	Change %
Mezzanine and equity funds	**3,678**	4,395	(16%)
Real estate funds	**1,274**	533	139%
Credit funds	**5,717**	4,972	15%
Total third party AUM	**10,669**	9,900	8%
IC investment portfolio	**2,311**	3,030	(24%)
Total AUM	**12,980**	12,930	0%

There were two significant trends underlying the movement in AUM during the year. The Group achieved record levels of inflows into our real estate and credit funds, offset by the realisation of assets in our older mezzanine funds and CLOs. This is illustrated in the AUM bridge below:

	Mezzanine and equity Funds €m	Real estate Funds €m	Credit Funds €m	Total Third Party AUM €m
At 1 April 2013	4,395	533	4,972	9,900
Additions	-	875	2,972	3,847
Realisations	(704)	(59)	(2,210)	(2,973)
FX and other	(13)	(75)	(17)	(105)
At 31 March 2014	**3,678**	**1,274**	**5,717**	**10,669**

The €3.8bn of new AUM includes €1.7bn relating to first time funds, of which €1.3bn is Senior Debt Partners, our direct lending strategy. The advantage of first time funds is that they introduce a new long term revenue stream to the business. Furthermore, given that a strategy will typically reach maturity on its third fund the fee stream growth from any new strategy will be more visible into the medium term. The development of ICG Longbow, our UK real estate business, illustrates this point as their third fund closed during the year at £700m, upscaled 189% from their £242m second fund. Once fully invested the third fund will generate an annualised £8.0m of fee income compared to £2.6m on the second fund.

The IC investment portfolio was impacted by realisations as the balance sheet contributed more than third party funds to each investment prior to 2010. A total of 80% of the assets realised in our mezzanine and equity funds were 2008 or earlier investments. Likewise the older vintage CLOs were also impacted by realisations.

Profit and loss account

Fund Management Company

Fee income

Third party fee income increased 2% in the year to £78.9m (2013: £77.4m), although total fee income decreased by 1% in the year to £99.6m (2013: £100.7m) as a consequence of the reduction in size of the IC portfolio.

	2014 £m	2013 £m	Change %
Mezzanine and equity funds	**53.6**	55.2	(3%)
Real estate funds	**6.4**	3.0	113%
Credit funds	**18.9**	19.2	(1%)
Total third party funds	**78.9**	77.4	2%
IC management fee	**20.7**	23.3	(11%)
Total fee income	**99.6**	100.7	(1%)

Mezzanine and equity third party fees include £13.9m of carried interest (2013: £0.3m) earned across European Mezzanine Fund 2003 and Asia Pacific Fund 2005 as the realisation of assets from these vintages helped trigger the performance hurdles. Also included is £1.2m (2013: £7.0m) of ICG Europe Fund V catch up fees received in respect of prior periods.

Fees for our real estate and credit products are typically charged on an invested basis, although this has little impact for the CLOs which are invested quickly. The money raised during the year will have an annualised fee impact of £23.2m once those funds are fully invested. These funds contributed £6.3m of fees during FY14.

Real estate third party fee income has increased 113% with the investment of the ICG Longbow Fund III and Senior Debt Fund.

Credit funds third party fee income on older credit funds continues to decrease as these funds are in their realisation phase. This is offset by increased fee income on more recently launched strategies such as Senior Debt Partners and Total Credit, generating fees as those funds are invested.

Operating expenses

Operating expenses of the FMC were £65.5m (2013: £61.8m), including salaries and incentive scheme costs. Salaries were £23.5m (2013: £20.9m) as average headcount has increased from 161 to 195. This increase is directly related to investing in the growth areas of the business – building the US platform, extending the credit fund product offering and supporting the growth of our real estate business. Other administrative costs of £28.4m (2013: £26.3m) have increased more slowly at 8% as we have increased IT and occupancy costs from our newly opened office in Singapore and expansion of our US team.

Investment Company

Balance sheet investments

The significant level of realisations during the year has resulted in the balance sheet investment portfolio reducing to £1,914m at 31 March 2014. The full or partial realisation of 28 of the Group’s assets, including 12 of the top 20, has left a well-funded balance sheet to meet the demands of a growing business. The expansion of our product suite will place additional demands on our capital to invest in new funds. In addition, the Group’s expanding footprint means that we are undertaking more regulated activities which also place demands on our capital.

The impact of the realisations is illustrated in the investment portfolio bridge below:

	£m
At 1 April 2013	2,696
New and follow on investments	393
Accrued interest income	133
Realisations	(1,121)
Impairments	(112)
FX and other	(75)
At 31 March 2014	**1,914**

Realisations include the return of £757.4m of principal and the crystallisation of £226.4m of rolled up interest and £137.4m of realised capital gains.

Investments in the year comprise £181.1m of capital invested into our credit and real estate funds and £212.4m co-investment alongside our mezzanine funds for new and follow on investments. New investments in the period include Euro Cater, Vitaldent and Mec3 in Europe and Cura in Australia.

The sterling value of the portfolio decreased by £77.8m due to foreign exchange movements. The portfolio is 69% euro denominated and 12% US dollar denominated. Sterling denominated assets only account for 10% of the portfolio.

An analysis of the portfolio by instrument is outlined below:

	2014 £m	**% of total**	2013 £m	% of total
Senior mezzanine and senior debt	**665**	**35%**	1,246	46%
Junior mezzanine	**77**	**4%**	427	16%
Interest bearing equity	**302**	**16%**	336	12%
Non interest bearing equity	**581**	**30%**	504	19%
Co-investment portfolio	**1,625**	**85%**	2,513	93%
Seed capital in credit funds	**289**	**15%**	183	7%
Total balance sheet portfolio	**1,914**	**100%**	2,696	100%

The non interest bearing equity component of the portfolio has increased in the year. This is in part due to the Group retaining its minority equity position in assets it has otherwise been refinanced out. It is also reflective of the Group undertaking more sponsorless transactions requiring it to invest more in non interest bearing equity.

Net interest income

Net interest income of £133.8m (2013: £159.7m) comprises interest income of £178.8m (2013: £214.7m), less interest expense of £45.0m (2013: £55.0m). Interest income was below the prior year due to a decrease in the average IC portfolio. Cash interest income represents 31% (2013: 34%) of the total. The Group utilised the cash generated from the realisations to reduce its borrowings leading to a reduction in interest expense.

Dividend income

Two equity investments made one-off distributions following a refinancing of their debt during the year. This led to an increase in dividend income from £2.4m to £19.7m.

Operating expenses

Operating expenses of the IC amount to £36.6m (2013: £25.3m), of which incentive scheme costs of £22.6m (2013: £18.1m) are the largest component. Other staff and administrative costs were £14.0m compared to £7.2m last year, a £6.8m increase. Of this, £2.6m relates to the cost of business development, primarily the establishment of a US credit team and our Japanese operations, and £1.6m of one off employee costs.

The management fee on IC investments managed by the FMC reduced to £20.7m (2013: £23.3m) as a result of the reduction in the average size of the loan book.

Capital gains

Capital gains in the period totalled £149.4m (2013: £73.0m) of which £122.1m were realised (2013: £14.1m), principally Allflex, and £27.3m unrealised (2013: £58.9m).

There was a £32.9m increase to the portfolio by fair valuing equity and warrants. Of this, £27.3m (2013: £58.9m) is recognised as an income statement movement and £5.6m (2013: £59.7m) as a movement in reserves. A total of £18.7m (2013: £nil) of unrealised gains previously recognised in the income statement were realised in the year.

Impairments

Net impairments for the period were £95.1m (2013: £80.0m), which excludes a provision of £17.3m taken on a restructured asset. The write off of the debt instrument resulted in a corresponding uplift to the equity instrument reported through unrealised capital gains. Gross impairments amounted to £133.6m (2013: £141.1m), of which £106.1m is in relation to three French assets and one Italian asset. There were recoveries of £21.2m (2013: £61.1m) in the period, principally due to one asset.

Group cash flow, debt and capital position

Cashflow and debt position

Operating cash inflow for the year was £568.0m (2013: £84.4m outflow). The increase in the cash inflows is largely as a result of increased repayment activity compared to the prior year, as analysed below.

	2014 £m	2013 £m
Cash in from realisations and dividends	**934.6**	148.2
Cash in from fees and cash interest	**357.4**	169.9
Total cash receipts	**1,292.0**	318.1
Cash interest paid	**(37.8)**	(59.0)
Cash paid to purchase loans and investments	**(512.1)**	(260.6)
Cash movement in assets held in warehouse or for syndication	**(81.4)**	18.7
Operating expenses paid	**(92.7)**	(101.6)
Total cash paid	**(724.0)**	(402.5)
Total cash generated from operating activities	**568.0**	(84.4)

Total cash receipts were £973.9m higher than last year. This is driven by increased repayment activity which has resulted in the repayment of rolled up interest and the receipt of dividends from two portfolio companies who have refinanced.

Interest paid was 36% lower in line with lower average borrowings. Included in operating expenses in the prior period were the final payments of £39.0m in respect of legacy incentive schemes.

The cash generated from operating activities in the period was used to pay down debt. Total debt was £587m (2013: £1,155m). Total debt to shareholders' funds as at 31 March 2014 decreased to 39% from 74% at 31 March 2013, as a result of the cash generated in the period.

Capital position

Shareholders' funds decreased by 4% to £1,508.1m (2013: £1,563.2m) in the year, due to £78.2m dividend payments in the period. The capital gain on Allflex was recycled from AFS reserves to the income statement on realisation and consequently has had minimal impact on shareholders' funds in the period.

Financial outlook

We have a strong pipeline of products and therefore expect our fundraising momentum to continue. During the next twelve months we anticipate closes on our US debt and Asia Pacific mezzanine funds, further European and US CLOs and new product launches, including an alternative credit fund. This is expected to result in an increase in third party AUM. The quality of the Group's fee base will be further enhanced by this fundraising and by investing the funds raised during the last financial year.

We do not expect to see the FMC operating margins benefit from the increased fee income during the current year as this is offset by the annualisation of the investment made during the last twelve months. Operating leverage of the business is likely to improve once the Group has invested, and therefore earning fees, on the funds raised.

The level of provisions should reduce in line with a reduction in the number of underperforming assets. We also expect the loan book to stabilise with a steady rate of realisations and continuing our investment pace. Overall, our strong balance sheet leaves us well positioned to invest in growing our fund management capabilities.

Principal risks and uncertainties

Effective risk management is critical to enable us to deliver our strategic priorities.

Our approach

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 establishes the culture of effective risk management throughout the business by identifying and monitoring the material risks, setting risk appetite, and determining the risk tolerances of the Group.

The Board is responsible for establishing and maintaining appropriate systems and controls to manage risk within the Group and to ensure compliance with regulation.

The Group's risk management systems are continually monitored and challenged by the Risk Committee under delegation from the Board. The Risk Committee is responsible for the effectiveness of the internal control environment of the Group.

Identifying and monitoring material risks

Material risks are identified through a detailed analysis of individual processes and procedures (bottom up approach) and a consideration of the strategy and operating environment of the Group (top down approach).

The bottom up review encompasses the identification, management and monitoring of risks in each area of the business and ensures risk management controls are embedded in the business' operations. The Risk Committee monitors and challenges these processes, reviewing the Risk Register and reporting material risks to the Board. In identifying risks, consideration is also given to risks identified by other asset managers in the sector and regulatory expectations. The materiality and severity of each risk is assessed through a combination of each risk's likelihood of an adverse outcome and its impact. In assessing impact, consideration is given to financial, reputational and regulatory factors, the impact on management resources and risk mitigation plans established.

The top-down review, led by the Risk Committee, evaluates the material risks of the Group with reference to its strategy and the operating environment.

The Group considers its material risks are as follows:

Business Risk (which for ICG includes credit risk)	**Macroeconomic Risk**	**Liquidity Risk**	**Operational Risk**
The risk of loss resulting from the failure to meet the business's strategic priorities.	The financial risk of loss arising as a result of economic uncertainty, macroeconomic or political factors.	The risk of loss resulting from an inability to meet financial commitments as they fall due.	The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Setting risk appetite and tolerances

The Board acknowledges and recognises that in the normal course of business the Group is exposed to risk and that it is willing to accept a level of risk in managing the business to achieve its strategic priorities. As part of its risk management processes, the Board considers its risk appetite in terms of the tolerance it is willing to accept in relation to each material risk based on key risk indicators.

The material risks and key risk indicators (including tolerance levels at which management would take action) are as follows:

Headline Risk	**Material Risks**	**Key Risk Indicators**
Business Risk	Failure to raise new third party funds	New third party funds raised in a 12 month period is more than 50% below the prior year
	Failure to deploy committed capital	On any fund, a request for an extension of the investment period
	Failure to maintain acceptable relative investment performance across the majority of funds	Less than 50% of portfolio companies in direct investment funds perform above the prior year
	Failure to execute the business strategy due to uncontrolled growth	The number of active initiatives that require additional resources or represent a substantial drain on existing resources
Macroeconomic Risk	Loss as a result of a macroeconomic downturn or economic uncertainty	Deterioration in any one or more of a wide range of economic indicators
Liquidity Risk	Failure to refinance debt as it falls due	30% of total debt falling due within 18 months
	Failure of ICG to meet its debt covenants	Forecast covenant breach
Operational Risk	Unplanned loss of one or more key employees	A breach of any "Key Man" clause or the unplanned departure of key employees
	Reputational damage due to a regulatory failing	Any reportable breach

The following is a full description of the material external and internal, identifying the potential impact on the Group's strategic priorities.

EXTERNAL RISKS

Risk (Headline and Specific Risk)	**Impact**	**Mitigation and Movement in the period**
Macroeconomic Risk: Failure to execute the Group's strategic priorities due to unforeseen macroeconomic changes	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, performance fees and carry.	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. During the year economic indicators in the Group's key markets have shown improvement.
Liquidity Risk: Failure to refinance debt as it falls 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.	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. During the year the Group has continued to extend and diversify its sources of funding.
Operational Risk: Reputational damage due to a regulatory failing	The Group's ability to raise new funds and operate its fund management business would be impaired as a result of a regulatory failing.	The Group has a governance structure in place, supported by a risk framework that allows for the identification, control, and mitigation of material risks faced by the Group. The adequacy of the systems and controls the Group has in place to comply with the regulations, safeguard the Group from the threat of cybercrime and to mitigate risks that these represent is periodically assessed. This includes a tailored compliance monitoring programme that specifically addresses regulatory and reputational risks. The increased breadth of the marketing activities and the expansion of the Group's product portfolio has led to increased regulatory risk.

INTERNAL RISKS

Risk (Headline and Specific Risk)	**Impact**	**Mitigation and Movement in the period**
Business Risk: Failure to raise third party funds	A failure to raise new funds would reduce the Group's long term income from fund management fees, performance fees and carried interest.	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. A record level of fundraising was achieved during the year across a range of products.
Business Risk: Failure to deploy capital committed	Failure to deploy capital reduces the value of future management fees, investment income, performance fees and carried interest.	The rate of investment is kept under continued review by the Investment Committees and senior management to ensure acceptable levels are maintained in current market conditions.

		In an increasingly competitive landscape the Group has continued to deploy funds in line with the expected run rate during the year.
Business Risk: Failure to maintain acceptable relative investment performance across the majority of funds.	Failure to maintain adequate performance in the open ended funds may result in investors reducing or cancelling their commitments, reducing AUM and fund management fees.	ICG has a disciplined investment policy 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. ICG 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. During the year the Group has maintained its investment performance.
Business Risk: Failure to execute the business strategy due to uncontrolled growth	Failure to grow in a controlled way may result in losses, failings or reputational damage as a result of risks in relation to products or regulations we do not fully understand or the acquisition or development of products for which we have inadequate resources to fully implement and support.	The Group has a structured framework that considers and assesses the commercial benefits, risks and resource needs of all new initiatives. Significant initiatives are subject to Board approval and all new initiatives are overseen by the Executive Committee.
Liquidity Risk: Failure of ICG to meet its debt covenants	In the event that the Group breached its covenants, the lenders could potentially call on their commitments.	The Group continually monitors forecast covenant levels. The Board reviews the forecast and actual position on a regular basis. During the year the Group has not identified any forecast covenant breach.
Operational Risk: Unplanned loss of one or more key employees	Breach of any "Key Men" clause or unexpected loss of one or more key employees 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.	The Group rewards its investment professionals and other key employees in line with market practice. Senior investment professionals receive long term incentives and carried interest as part of their remuneration. The Group periodically engages external consultants to benchmark the rewards offered by the Group to ensure they remain attractive and competitive.

		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. Through its remuneration policy it also ensures that key employees are incentivised to stay with the Group. During the year the Group's performance has not been impacted by the loss of any employee.

Responsibility Statement

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2014. 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 20 May 2014 and is signed on its behalf by:

Christophe Evain
CEO

Philip Keller
CFO

Consolidated Income Statement
For the year ended 31 March 2014

	2014 **£m** **Unaudited**	2013 £m Audited
Finance income	**199.4**	218.6
Gains on investments	**149.4**	73.0
Fee and other operating income	**85.8**	78.8
Total revenue	**434.6**	370.4
Finance costs	**(61.4)**	(60.7)
Impairments	**(112.4)**	(80.0)
Administrative expenses	**(102.1)**	(87.1)
Profit before tax	**158.7**	142.6
Tax expense	**(21.3)**	(18.8)
Profit for the year	**137.4**	123.8

Attributable to		
Equity holders of the parent	**137.2**	124.4
Non controlling interests	**0.2**	(0.6)
	137.4	123.8

Earnings per share	**35.7p**	32.1p
Diluted earnings per share	**35.6p**	32.1p

All activities represent continuing operations

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

	2014 **£m** **Unaudited**	2013 £m Audited
Profit for the year	**137.4**	123.8
Available for sale financial assets:		
(Losses)/gains arising in the year	**(1.2)**	67.1
Reclassification adjustment for gains recycled to profit	**(125.7)**	(7.5)
Exchange differences on translation of foreign operations	**(0.6)**	1.2
	(127.5)	60.8
Tax on items taken directly to or transferred from equity	**30.8**	(11.0)
Other comprehensive (expense)/income for the year	**(96.7)**	49.8
Total comprehensive income for the year	**40.7**	173.6

Consolidated Statement of Financial Position

As at 31 March 2014

	31 March 2014 £m Unaudited	31 March 2013 £m Audited
Non current assets		
Intangible assets	**5.7**	6.6
Property, plant and equipment	**4.9**	4.6
Financial assets: loans, investments and warrants	**2,080.8**	2,695.8
Derivative financial assets	**5.8**	14.7
	2,097.2	2,721.7
Current assets		
Trade and other receivables	**73.3**	53.9
Financial assets: loans and investments	**115.8**	30.4
Current tax debtor	**1.5**	0.7
Derivative financial assets	**12.8**	40.2
Cash and cash equivalents	**164.8**	52.5
	368.2	177.7
Total assets	**2,465.4**	2,899.4
Equity and reserves		
Called up share capital	**80.4**	80.4
Share premium account	**672.4**	671.7
Capital redemption reserve	**1.4**	1.4
Own shares reserve	**(62.4)**	(45.7)
Other reserves	**107.0**	196.4
Retained earnings	**709.3**	659.0
Equity attributable to owners of the Company	**1,508.1**	1,563.2
Non controlling interest	**(0.1)**	(0.3)
Total equity	**1,508.0**	1,562.9
Non current liabilities		
Provisions	**3.2**	3.6
Financial liabilities	**776.4**	688.9
Derivative financial liabilities	**4.8**	3.8
Deferred tax liabilities	**21.8**	53.1
	806.2	749.4
Current liabilities		
Provisions	**0.4**	0.4
Trade and other payables	**122.5**	79.0
Financial liabilities	**–**	472.4
Current tax creditor	**23.8**	28.4
Derivative financial liabilities	**4.5**	6.9
	151.2	587.1
Total liabilities	**957.4**	1,336.5
Total equity and liabilities	**2,465.4**	2,899.4

Consolidated Statement of Cash Flows
For the year ended 31 March 2014

	31 March 2014 £m Unaudited	31 March 2013 £m Audited
Operating activities		
Interest receipts	**277.1**	92.0
Fee receipts	**80.3**	77.9
Dividends received	**25.2**	4.3
Interest payments	**(37.8)**	(59.0)
Cash payments to suppliers and employees	**(92.7)**	(101.6)
(Purchase)/realisation of current financial assets	**(81.4)**	18.7
Purchase of loans and investments	**(512.1)**	(260.6)
Recoveries on previously impaired assets	**0.8**	0.8
Proceeds from sale of loans and investments – principal	**763.8**	128.8
Proceeds from sale of loans and investments – gains on investments	**144.8**	14.3
Cash generated from/(used in) operations	**568.0**	(84.4)
Taxes paid	**(28.1)**	(45.4)
Net cash generated from/(used in) operating activities	**539.9**	(129.8)
Investing activities		
Purchase of property, plant and equipment	**(2.7)**	(1.3)
Net cash used in investing activities	**(2.7)**	(1.3)
Financing activities		
Dividends paid	**(78.2)**	(74.9)
(Decrease)/increase in long term borrowings	**(383.1)**	163.9
Net cash inflow/(outflow) from derivative contracts	**80.6**	(53.8)
Net purchase of own shares	**(27.1)**	(13.3)
Capital contributions from non controlling interest	**–**	0.1
Proceeds on issue of shares	**0.7**	2.3
Net cash (used in)/generated from financing activities	**(407.1)**	24.3
Net increase/(decrease) in cash	**130.1**	(106.8)
Cash and cash equivalents at beginning of year	**41.8**	149.8
Effect of foreign exchange rate changes	**(7.1)**	(1.2)
Net cash and cash equivalents at end of year	**164.8**	41.8
Presented on the statement of financial position as:		
Cash and cash equivalents	**164.8**	52.5
Bank overdraft	**–**	(10.7)
Net cash and cash equivalents	**164.8**	41.8

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

Unaudited	Share capital £m	Share premium £m	Capital redemption reserve fund £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 31 March 2013	80.4	671.7	1.4	46.6	149.8	(45.7)	659.0	1,563.2	(0.3)	1,562.9
Profit for the year	–	–	–	–	–	–	137.2	137.2	0.2	137.4
Available for sale financial assets	–	–	–	–	(126.9)	–	–	(126.9)	–	(126.9)
Exchange differences on translation of foreign operations	–	–	–	(0.1)	–	–	(0.5)	(0.6)	–	(0.6)
Tax on items taken directly to or transferred from equity	–	–	–	–	30.8	–	–	30.8	–	30.8
Total comprehensive income for the year	–	–	–	(0.1)	(96.1)	–	136.7	40.5	0.2	40.7
Own shares acquired in the year	–	–	–	–	–	(35.4)	–	(35.4)	–	(35.4)
Options/awards exercised	–	0.7	–	(10.5)	–	18.7	(8.2)	0.7	–	0.7
Credit for equity settled share schemes	–	–	–	17.3	–	–	–	17.3	–	17.3
Dividends paid	–	–	–	–	–	–	(78.2)	(78.2)	–	(78.2)
Balance at 31 March 2014	**80.4**	**672.4**	**1.4**	**53.3**	**53.7**	**(62.4)**	**709.3**	**1,508.1**	**(0.1)**	**1,508.0**

Audited	Share capital £m	Share premium £m	Capital redemption reserve fund £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 31 March 2012	80.0	668.0	1.4	24.7	101.2	(33.0)	608.3	1,450.6	0.1	1,450.7
Profit for the year	–	–	–	–	–	–	124.4	124.4	(0.6)	123.8
Available for sale financial assets	–	–	–	–	59.6	–	–	59.6	–	59.6
Exchange differences on translation of foreign operations	–	–	–	–	–	–	1.2	1.2	–	1.2
Tax on items taken directly to or transferred from equity	–	–	–	–	(11.0)	–	–	(11.0)	–	(11.0)
Total comprehensive income for the year	–	–	–	–	48.6	–	125.6	174.2	(0.6)	173.6
Own shares acquired in the year	–	–	–	–	–	(13.3)	–	(13.3)	–	(13.3)
Options/awards exercised	0.4	3.7	–	(0.9)	–	0.6	–	3.8	–	3.8
Capital contribution	–	–	–	–	–	–	–	–	0.2	0.2
Credit for equity settled share schemes	–	–	–	22.8	–	–	–	22.8	–	22.8
Dividends paid	–	–	–	–	–	–	(74.9)	(74.9)	–	(74.9)
Balance at 31 March 2013	80.4	671.7	1.4	46.6	149.8	(45.7)	659.0	1,563.2	(0.3)	1,562.9

Financial Statements

1. Financial Information

The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended 31 March 2014 or 2013. The financial information for the year ended 31 March 2013 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. 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. The audit of the statutory accounts for the year ended 31 March 2014 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

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, and on the basis of the accounting policies set out in the 2013 Annual Report. This announcement does not itself contain sufficient information to comply with IFRSs.

2. Business segments

For management purposes, the Group is currently organised into two distinct business groups, the Fund Management Company (FMC) and the Investment Company (IC). Segment information about these businesses is presented below. This is as reviewed by the Executive Committee, with the exception of £14.4m relating to gains on the investment in ICG Europe Fund V. This is presented below in gains on investments, whereas it is included within net interest income for internal reporting purposes.

The Group reports the profit of the FMC separately from the profits generated by the IC. The FMC is defined as the operating unit and as such incurs the majority of the Group's costs, including the cost of the investment network, i.e. the Investment Executives and the local offices, as well as the cost of most support functions, primarily information technology, human resources and marketing. The IC is charged a management fee of 1% of the carrying value of the average investment portfolio by the FMC and this is shown below as fee income. The costs of finance, treasury and the costs related to being a listed entity are allocated to the IC. The remuneration of the Managing Directors is allocated equally to the FMC and the IC.

Year ended 31 March 2014 Unaudited	Europe Mezzanine £m	Europe Credit £m	Asia £m	US £m	Total FMC £m	IC £m	Total £m
External fee income	55.6	18.9	4.4	–	78.9	–	78.9
Inter-segmental fee	16.0	2.2	1.5	1.0	20.7	(20.7)	–
Fund management fee income	71.6	21.1	5.9	1.0	99.6	(20.7)	78.9
Other operating income					–	6.9	6.9
Gains on investments					–	149.4	149.4
Net interest income					(0.4)	133.8	133.4
Dividend income					1.3	19.7	21.0
Net fair value loss on derivatives					–	(16.4)	(16.4)
					100.5	272.7	373.2
Impairment					–	(112.4)	(112.4)
Staff costs					(23.5)	(6.8)	(30.3)
Incentive scheme costs					(13.6)	(22.6)	(36.2)
Other administrative expenses					(28.4)	(7.2)	(35.6)
Profit before tax					**35.0**	**123.7**	**158.7**

Year ended 31 March 2013 Audited	Europe Mezzanine £m	Europe Credit £m	Asia £m	US £m	Total FMC £m	IC £m	Total £m
External fee income	51.4	19.2	6.8	–	77.4	–	77.4
Inter-segmental fee	19.3	0.5	2.6	0.9	23.3	(23.3)	–
Fund management fee income	70.7	19.7	9.4	0.9	100.7	(23.3)	77.4
Other operating income					–	1.4	1.4
Gains on investments					–	73.0	73.0
Net interest income					(0.4)	159.7	159.3
Dividend income					1.9	2.4	4.3
Net fair value loss on derivatives					–	(5.7)	(5.7)
					102.2	207.5	309.7
Impairment					–	(80.0)	(80.0)
Staff costs					(20.9)	(3.0)	(23.9)
Incentive scheme costs					(14.6)	(18.1)	(32.7)
Other administrative expenses					(26.3)	(4.2)	(30.5)
Profit before tax					40.4	102.2	142.6

Included under the 'Adjustments' heading in the table below are the investments in ICG Europe Fund V and ICG US CLO 2014-1. For internal reporting purposes the interest owed on Fund V investments is presented within debtors whereas under IFRS it is included within the value of the investment. The US CLO is presented as a fair value investment for internal reporting purposes, whereas the statutory financial statements present the US CLO on a fully consolidated basis.

	2014 **Unaudited** **Internally reported** **£m**	**Adjustments** **£m**	**Financial Statements** **£m**	2013 Audited Internally reported £m	Adjustments £m	Financial Statements £m
Financial assets	**1,907.7**	**173.1**	**2,080.8**	2,695.1	0.7	2,695.8
Other assets	**333.2**	**51.4**	**384.6**	204.3	(0.7)	203.6
Total assets	**2,240.9**	**224.5**	**2,465.4**	2,899.4	–	2,899.4
Financial liabilities	**586.8**	**189.6**	**776.4**	1,161.3	–	1,161.3
Other liabilities	**146.1**	**34.9**	**181.0**	175.2	–	175.2
Total liabilities	**732.9**	**224.5**	**957.4**	1,336.5	–	1,336.5
Equity	**1,508.0**	**–**	**1,508.0**	1,562.9	–	1,562.9
Total equity and liabilities	**2,240.9**	**224.5**	**2,465.4**	2,899.4	–	2,899.4

3. Financial instruments - Impairments

The movement in the provision for impairment losses during the year is as follows:

Unaudited	£m
Balance at 1 April 2013	549.2
Charged to income statement	116.3
Impairment arising through restructuring of assets	17.3
Recovery of previously impaired assets	(21.2)
Assets written off in year	(311.2)
Foreign exchange	(8.7)
Balance at 31 March 2014	341.7

4. Earnings per share

Earnings	**2014 £m Unaudited**	2013 £m Audited
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to the equity holders of the parent	**137.2**	124.4
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**384,828,814**	387,528,665
Effect of dilutive potential ordinary share options	**135,969**	46,245
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**384,964,783**	387,574,910

Earnings per share	**35.7p**	32.1p
Diluted earnings per share	**35.6p**	32.1p

As at 31 March 2014 the total number of shares allotted, called up and in issue was 402,242,770 (31 March 2013: 402,056,200), of which 17,455,342 (31 March 2013: 15,689,104) were held by the EBT in the own shares reserve.

5. Gains and losses arising on investments

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

	2014 £m Unaudited	2013 £m Audited
Realised gains on ordinary shares recycled to profit	**(125.7)**	(11.5)
Impairments of AFS financial assets recycled to profit	**–**	4.0
Net gains recycled to profit	**(125.7)**	(7.5)
Gains and losses arising on AFS financial assets		
- Fair value movement on equity instruments	**(1.6)**	58.8
- Fair value movement on other assets	**7.2**	1.7
Foreign exchange	**(6.8)**	6.6
(Losses)/gains arising in the AFS reserve in the year	**(1.2)**	67.1

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

	2014 £m Unaudited	2013 £m Audited
Realised gains on warrants	**11.2**	0.8
Realised gains on assets designated as FVTPL	**16.9**	1.8
Realised gains on AFS financial assets recycled from AFS reserves	**125.7**	11.5
Realised gains on other assets	**0.3**	–
	154.1	14.1
Unrealised gains and losses on assets designated as FVTPL		
- Fair value movement on equity instruments	**10.1**	39.3
- Fair value movement on warrants	**(6.3)**	9.5
- Fair value movement on other assets	**4.8**	10.1
	8.6	58.9
Fair value movements on FVTPL financial assets	**162.7**	73.0
Realised losses on amortised cost assets	**(13.3)**	–
Gains on investments	**149.4**	73.0

Balance Sheet Investments

At 31 March 2014, the Investment Company's portfolio amounted to £1,914m, including £883m of equity investments.

Top 20 assets at 31 March 2014

The top 20 assets (excluding portfolios) account for 44% of the IC's investment portfolio and are listed below.

Company	Country	Industry	Investment year	£m*
Applus+	Spain	Business services	2007	114.7
Gerflor	France	Building materials	2006	92.4
Materis	France	Building materials	2006	61.0
SAG	Germany	Utilities	2008	49.8
Feu Vert	France	Automotive	2007	43.6
N&W Global Vending	Italy	Retail	2008	43.0
Fort Dearborn	USA	Packaging & paper	2010	40.4
Nocibe	France	Retail	2006	40.2
Euro Cater	Denmark	Retail	2013	33.9
AAS Link	Australia	Financial services	2007	33.9
Fraikin	France	Transport	2007	33.8
Inspecta	Finland	Business services	2007	33.6
Intelsat	USA	Telecoms	2008	31.6
Flaktwoods	France	Telecoms	2007	30.6
Casa Reha	Germany	Healthcare	2008	28.9
Motip Dupli	Netherlands	Pharmaceuticals & chemicals	2006	28.9
AVR	Netherlands	Waste management	2006/2007	27.4
Mennisez	France	Food & consumer products	2006	26.2
Tractel	France	Manufacturing & engineering	2007	25.4
Courtepaille	France	Retail	2011	25.1
Total				**844.4**

*carrying value on ICG balance sheet at 31 March 2014, including equity stake listed below when relevant.

Top 10 equity assets at 31 March 2014

The top 10 equity positions (included in the above table) account for 16% of the IC's investment portfolio and 34% of our equity portfolio and are listed below.

Company	Country	Industry	Investment year	£m
Gerflor	France	Building materials	2006	71.6
Applus+	Spain	Business services	2007	40.6
AAS Link	Australia	Financial services	2007	33.9
Intelsat	USA	Telecoms	2008	31.6
AVR	Netherlands	Waste management	2006/2007	27.4
Mennisez	France	Food & consumer products	2006	26.2
Minimax	Germany	Electronics	2006	24.9
Parkeon	France	Business services	2007	16.5
Bureau van Dijk	Netherlands	Publishing	2011	16.4
Ethypharm	France	Pharmaceuticals	2007	14.1
Total				**303.2**

Glossary

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.
Carried Interest	Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
Cash core income	CCI	Profit before tax excluding fair value movement on derivatives, capital gains, impairments and unrealised rolled up interest.
Catch up fees		Fees not previously recognised as either the fund commitment had not been contractually agreed or the income was otherwise uncertain.
Closed end fund		A fund where the amount of investable capital is fixed.
Co-investment	Co-invest	A direct investment made alongside 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.
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	Successor to the FSA which 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.
Financial Services Authority	FSA	Predecessor of the FCA.
Fund Management Company	FMC	The Group's operating vehicle, 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.
Investment Company	IC	The investment unit of ICG plc. It co-invests alongside third party funds.
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.
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 investors

		commitment may be redeemed with appropriate notice.
Operating margin		Total fee income less operating expenses divided by total fee income.
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		Incentive fees paid when fund performance exceeds a fixed hurdle.
Realisation		The return of invested capital in the form of principal, rolled up interest and/or capital gain.
Return on seed equity	ROE	Profit after tax divided by average shareholders' funds for the period.
Securitisation		A form of financial structuring whereby a pool of assets are used to as security (collateral) for the issue of new financial instruments.
Seed capital		Capital invested to establish a fund strategy.
Senior debt		Senior debt rank above mezzanine and equity.
Turnbull Committee guidance		Guidance published by the FRC setting out best practice on internal control for UK listed companies.
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.
Whole loans		A property loan which represents all debt secured on the property.

Company Information

Timetable

The major timetable dates are as follows:

Ex dividend date	11 June 2014
Record date for financial year 2014 final dividend	13 June 2014
Last date for dividend reinvestment election	7 July 2014
AGM and Interim Management Statement	23 July 2014
Payment of final dividend	28 July 2014
Half year results announcement for the 6 months to 30 September 2014	18 November 2014

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