

INVESTCORP

FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED DECEMBER 31, 2017 (REVIEWED)

\$000's	Jul - Dec 2017	Jul - Dec 2016 (Restated)
FEE INCOME		
AUM fees	79,334	54,888
Deal fees	58,128	73,086
Fee income (a)	137,462	127,974
ASSET BASED INCOME		
Corporate investment	31,648	9,496
Alternative investment solutions	8,551	6,483
Real estate investment	15,186	15,269
Credit management investment	9,752	-
Treasury and other asset based income	5,862	9,053
Asset based income (b)	70,999	40,301
Gross operating income (a) + (b)	208,461	168,275
Provisions for impairment	(1,412)	(2,853)
Interest expense	(30,524)	(28,398)
Operating expenses	(117,272)	(87,530)
PROFIT BEFORE TAX	59,253	49,494
Income tax expense	(3,976)	(1,780)
PROFIT FOR THE PERIOD	55,277	47,714
Basic earnings per ordinary share (\$)	0.71	0.67
Fully diluted earnings per ordinary share (\$)	0.70	0.65

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2017 (REVIEWED)

\$000's	Jul - Dec 2017	Jul - Dec 2016 (Restated)
PROFIT FOR THE PERIOD	55,277	47,714
Other comprehensive income that will be recycled to statement of profit or loss		
Fair value movements - cash flow hedges	(1,200)	(4,735)
Other comprehensive income that will not be recycled to statement of profit or loss		
Movements - Fair value through other comprehensive income investments	230	(15,547)
Other comprehensive loss	(970)	(20,282)
TOTAL COMPREHENSIVE INCOME	54,307	27,432

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017 (REVIEWED)

\$000's	December 31, 2017	June 30, 2017 (Audited)
ASSETS		
Cash and short-term funds	51,874	44,517
Placements with financial institutions and other liquid assets	482,108	517,406
Positive fair value of derivatives	38,444	62,069
Receivables and prepayments	304,555	277,085
Advances	104,890	85,582
Underwritten and warehoused investments	508,228	460,394
Co-investments		
Corporate investment	504,166	538,989
Alternative investment solutions	244,442	236,331
Real estate investment	89,730	79,115
Credit management investment	315,358	258,712
Total co-investments	1,153,696	1,113,147
Premises, equipment and other assets	36,008	37,711
Intangible assets	56,346	58,072
Total assets	2,736,149	2,655,983
LIABILITIES AND EQUITY		
LIABILITIES		
Call accounts	157,569	249,203
Term and institutional accounts	390,631	184,681
Payables and accrued expenses	154,577	155,394
Negative fair value of derivatives	32,246	43,645
Medium-term debt	367,658	381,733
Long-term debt	405,863	409,539
Deferred fees	80,710	86,575
Total liabilities	1,589,254	1,510,770
EQUITY		
Preference share capital	223,239	223,239
Ordinary shares at par value	200,000	200,000
Reserves	317,986	320,321
Treasury shares	(9,202)	(3,229)
Retained earnings	422,420	367,028
Ordinary shareholders' equity excluding proposed appropriations and other reserves	931,204	884,120
Proposed appropriations	-	44,087
Other reserves	(7,548)	(6,233)
Total equity	1,146,895	1,145,213
Total liabilities and equity	2,736,149	2,655,983

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31, 2017 (REVIEWED)

\$000's	Jul - Dec 2017	Jul - Dec 2016 (Restated)
OPERATING ACTIVITIES		
Profit before tax	59,253	49,494
Adjustments for non-cash items in net income		
Depreciation and amortization	4,350	2,467
Provisions for impairment	1,412	2,853
Amortization of transaction costs	2,987	2,771
Employee deferred awards	10,871	9,995
Operating profit adjusted for non-cash items	78,873	67,580
CHANGES IN:		
Operating capital		
Placements with financial institutions and other liquid assets (non-cash equivalent)	121,129	(163,380)
Receivables and prepayments	(33,697)	6,650
Advances	(19,882)	10,601
Underwritten and warehoused investments	(47,834)	(28,167)
Call accounts	(91,634)	20,568
Payables and accrued expenses	109	(29,124)
Deferred fees	(5,865)	(5,331)
Co-investments		
Corporate investment	34,823	53,108
Alternative investment solutions	(7,571)	49,793
Real estate investment	(10,925)	783
Credit management investment	(56,646)	-
Fair value of derivatives	5,186	(71,657)
Other assets	(6)	4
Income taxes paid	(6,426)	(790)
NET CASH USED IN OPERATING ACTIVITIES	(40,366)	(89,362)
FINANCING ACTIVITIES		
Term and institutional accounts	205,950	304,768
Medium-term debt repaid - net of transaction costs	(14,898)	(22,917)
Treasury shares purchased - net	(12,496)	(7,190)
Dividends paid	(44,087)	(41,641)
Charitable contributions paid	-	(2,970)
NET CASH FROM FINANCING ACTIVITIES	134,469	230,050
INVESTING ACTIVITY		
Investment in premises and equipment	(915)	(2,219)
NET CASH USED IN INVESTING ACTIVITIES	(915)	(2,219)
Net increase in cash and cash equivalents of the period	93,188	138,469
Cash and cash equivalents at beginning of the period	434,091	400,974
Cash and cash equivalents at end of the period	527,279	539,443
Cash and cash equivalents comprise of:		
Cash and short-term funds	51,874	124,204
Placements with financial institutions and other liquid assets with an original maturity of three months or less	475,405	415,239
	527,279	539,443
In addition to the above, the Group has an undrawn and available balance of \$337 million (June 30, 2017: \$422.1 million and December 31, 2016: \$452.2 million) from its revolving medium-term facilities.		
ADDITIONAL CASH FLOW INFORMATION		
Interest paid	(34,077)	(28,313)
Interest received	18,263	6,420

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2017 (REVIEWED)

\$000's	Preference share capital	Ordinary share capital	Reserves				Treasury shares	Retained earnings	Proposed appropriations	Other Reserves			Total equity	
			Share premium	Statutory reserve	Fair Value reserve	Total				Available for sale investments	Cash flow hedges	Revaluation reserve on premises and equipment		
Balance at July 1, 2016	223,239	200,000	182,250	100,000	-	282,250	(45,449)	313,482	44,611	2,054	(7,848)	4,904	(890)	1,017,243
Restatement arising from early adoption of IFRS 9	-	-	-	-	2,054	2,054	-	(3,521)	-	(2,054)	-	-	(2,054)	(3,521)
Balance at July 1, 2016 (Restated)	223,239	200,000	182,250	100,000	2,054	284,304	(45,449)	309,961	44,611	-	(7,848)	4,904	(2,944)	1,013,722
Total comprehensive income (Restated)	-	-	-	-	(15,547)	(15,547)	-	47,714	-	-	(4,735)	-	(4,735)	27,432
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	115	-	-	-	(115)	(115)	-
Treasury shares purchased during the period net of sales and vesting	-	-	-	-	-	-	(2,998)	-	-	-	-	-	-	(2,998)
Loss on vesting of treasury shares	-	-	(1,268)	-	-	(1,268)	1,268	-	-	-	-	-	-	-
Approved appropriations for fiscal 2016 paid	-	-	-	-	-	-	-	-	(44,611)	-	-	-	-	(44,611)
Balance at December 31, 2016 (Restated)	223,239	200,000	180,982	100,000	(13,493)	267,489	(47,179)	357,790	-	-	(12,583)	4,789	(7,794)	993,545
Balance at July 1, 2017	223,239	200,000	225,760	100,000	(5,439)	320,321	(3,229)	367,028	44,087	-	(10,907)	4,674	(6,233)	1,145,213
Total comprehensive income	-	-	-	-	230	230	-	55,277	-	-	(1,200)	-	(1,200)	54,307
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	115	-	-	-	(115)	(115)	-
Treasury shares purchased during the period net of sales and vesting	-	-	-	-	-	-	(8,538)	-	-	-	-	-	-	(8,538)
Loss on vesting of treasury shares - net of gain on sale	-	-	(2,565)	-	-	(2,565)	2,565	-	-	-	-	-	-	-
Approved appropriations for fiscal 2017 paid	-	-	-	-	-	-	-	-	(44,087)	-	-	-	-	(44,087)
Balance at December 31, 2017	223,239	200,000	223,195	100,000	(5,209)	317,986	(9,202)	422,420	-	-	(12,107)	4,559	(7,548)	1,146,895

The above have been extracted from the interim condensed consolidated financial statements of Investcorp Bank B.S.C. reviewed by Ernst & Young

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