

Investcorp's Profits Jump Almost 40% to \$140.3 Million

Bahrain, 3 August 2011 - Investcorp, the asset management firm specializing in alternative investments, today announced its results for the 12 months ended June 30, 2011 (FY11).

Investcorp's net income increased by 37% to \$140.3 million, up from \$102.2 million in FY10. This represents the third-best profit performance in the firm's history and continues the rebound to profitability and growth which began in FY10. Earnings per Ordinary Share doubled to \$128 per share, and the Board of Directors has recommended a resumption of dividend payments to ordinary shareholders in the amount of \$15 per share.

During the year, Investcorp realized more than \$1 billion in proceeds from alternative investments, reflecting the high quality of the firm's investment portfolio and its success in supporting and managing these investments through the financial crisis in order to maximize value.

Gross operating income in FY11 was \$413.6 million, a 15% increase over the previous fiscal year. Asset-based income grew by 52% with corporate investment, real estate investment and hedge funds all producing solid, positive returns. The year was marked by a 67% rise in placement and fundraising in the Gulf to a total of \$517 million. Against a background of low interest rates and a continuing high level of financial risk globally, this increase demonstrates the strong interest of Gulf investors in attractive alternative investment opportunities that offer diversification potential in the face of continuing macro-financial risks. It also underlines the strength of Investcorp's long-established relationships with Gulf investors, its enduring franchise and the innovation and quality of service inherent in its business model.

Highlights of the period:

- Placement income increased by 37% to \$40.7 million with placement of deal-by-deal products up 58% to \$284 million. Placements included the innovative Investcorp Special Opportunities Portfolio – a portfolio of select investments in distressed credit and corporate restructurings in the United States and Europe. Several profitable realizations were made in corporate investment and real estate investment, with total realization proceeds of \$783 million. In a highly successful exit, Moody International – acquired in 2007 for \$311 million – was sold for \$729 million.

- Investcorp Gulf Opportunity Fund I made its fourth growth capital investment with a \$50 million investment in Tiryaki Agro, Turkey's leading agro trader. The firm also agreed to acquire a leading US specialty retailer. Investcorp Technology Partners III Fund concluded a majority buyout of eviivo, the UK's leading online reservation provider for the independent hotels sector, and has declared its offer for the publicly traded shares of OpSec Security Group of the UK in which it first acquired a minority stake in 2010.
- The firm undertook several attractively priced add-on investments. These included a \$52 million investment in FleetMatics, which acquired a competitor, SageQuest, as well as add-on acquisitions by portfolio companies including Berlin Packaging, FleetPride and Redington Gulf.
- Real estate asset-based income rebounded to \$40.6 million, reflecting the stabilization in the US real estate market. The real estate line of business made five acquisitions.
- Investcorp's hedge funds co-investment portfolio returned approximately 7% over the fiscal year. After a strong performance in the first half, there was some retrenchment in the second half in the light of unstable market conditions in May and June.
- Total operating expenses increased by 14% from \$188.8 million in FY10 to \$215.2 million in FY11, reflecting the growth in business and profitability.
- Interest expense fell by 3% to \$56.0 million due to a combination of low interest rates and further de-leveraging of the balance sheet.
- After planned de-leveraging, total assets ended the year lower at \$2.9 billion (FY10: \$3.4 billion).
- Total liquidity increased slightly to \$1.5 billion (FY10: \$1.4 billion). Capital adequacy increased to 25.7%, substantially above regulatory requirements.

Nemir A. Kirdar, Executive Chairman & CEO, said: "Investcorp once again produced excellent results from all its diversified business activities on three continents. The high reputation of the Investcorp brand and our strong performance in our target markets are due to the superior skills and talents of our staff as well as the trust and respect afforded by our clients. We have every reason to look forward to continued upward momentum and delivering further progress and achievements in the years ahead."

- ends -

About Investcorp

Investcorp is a leading provider and manager of alternative investment products. Investcorp has offices in the Kingdom of Bahrain, London and New York and is publicly traded on the Bahrain Bourse (INVCORP). Investcorp has three business areas: corporate investment in the US, Europe and MENA, real estate investment in the US and global hedge funds. As at June 30, 2011, Investcorp had \$11.8 billion in assets under management. Further information is available at www.investcorp.com.

Media Contacts:**Investcorp (Bahrain)**

Firas El Amine

+973 39987838

felamine@investcorp.com**Brunswick Gulf Ltd**

Jeehan Balfaqaih

+971 4 446 6270

jbalfaqaih@brunswickgroup.com