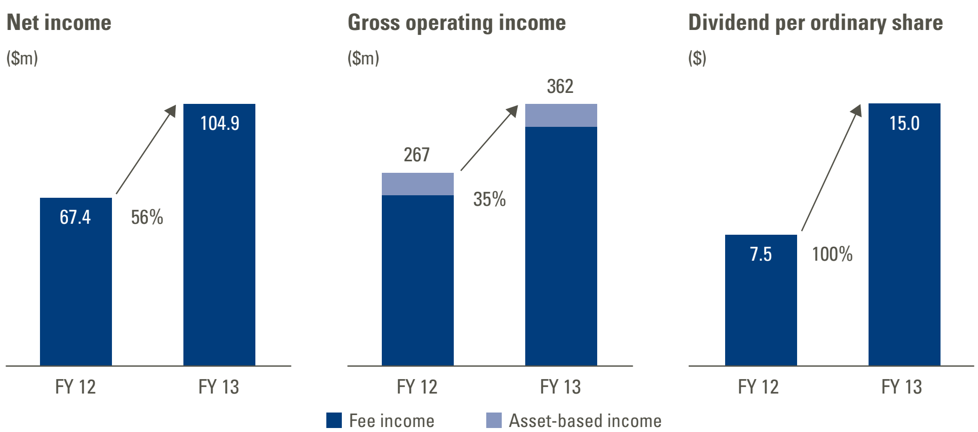
FISCAL YEAR BUSINESS HIGHLIGHTS

NET INCOME

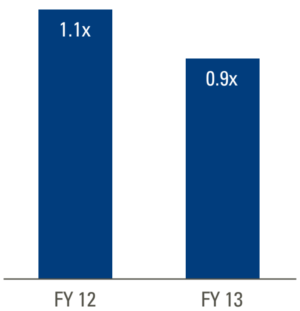
- **Net income** grew strongly by 56% to $104.9 million. This reflects a notable increase in investment and placement activity driven by sustained investor demand for attractive alternative investments which was supported by a steady flow of profitable realizations.
- **Total fee income** grew by 40% year-on-year to $329.5 million, which included a very strong increase in deal activity fees, which more than doubled to $193.4 million, representing more than half of total fee income.
- **Asset-based income** of $32.2 million includes a rebound in hedge fund returns, benefitting from a more positive macroeconomic environment to deliver unlevered returns of 5.1%.
- Overall, **gross operating income** for FY13 was up 35% to $361.8 million.
- **Operating expenses** increased by 25% to $188.0 million due to increased staff compensation in line with higher net income. **Total expenses**, as a percentage of net revenues, fell to 64% in FY13 from 69% in FY12.
- The Board of Directors has proposed a **dividend** of $15.0 per ordinary share along with the full dividend of 12% on the preference shares.



BALANCE SHEET

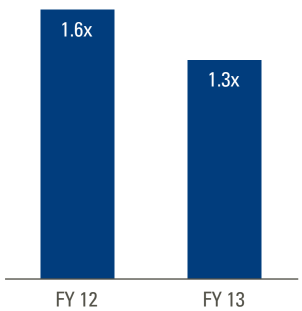
- **Total assets** as at June 30, 2013 were $2.5 billion, leverage continued to decline and total liquidity, in excess of $1.1 billion, fully covers all medium and long term debt maturing over the next five years.
- **Co-investments** excluding amounts underwritten and pending placement are now entirely funded through very long term or permanent sources of capital.
- The **funding profile** was strengthened by the issue of a $250 million bond, a first for an alternative asset manager in the Gulf region.
- The **capital adequacy ratio** strengthened to 33.8%, well in excess of the Central Bank of Bahrain's minimum requirement of 12%.

Co-investment* / Long term capital**



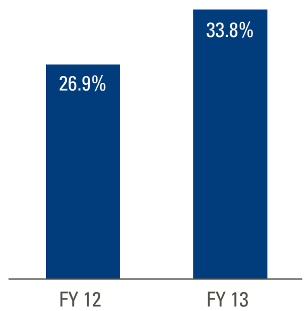
* Excludes underwriting
** Shareholders' equity + long term debt maturing in 2030 or later

Leverage*



* Adjusted for transitory balances

Capital adequacy ratio (%)

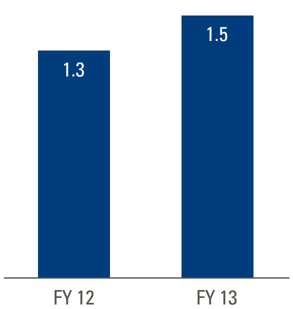


CLIENT ACTIVITY

- Investcorp raised more than $1.5 billion in new funds from clients during the year. **Fundraising** in the Gulf was $751 million, which represents a 117% increase over FY12 and is the highest amount of annual fundraising since FY08.
- **Corporate investment placement** was $494 million which represented a 130% increase over the $214 million placed in FY12. **Real estate placement** was $201 million which represented a 52% year-on-year increase. **Subscriptions** by institutional investors into hedge funds were $844 million.
- A **new office** has been opened in Riyadh with additional new offices planned for Doha and Abu Dhabi subject to regulatory approval.

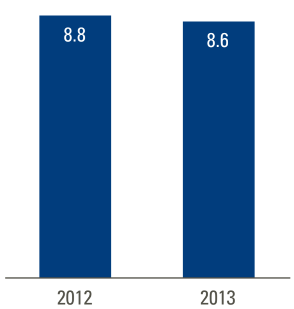
Total fundraising

($b)



Client AUM*

($b)



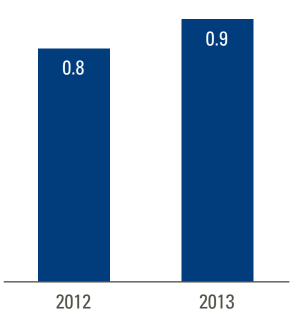
* Ending June 30th

INVESTMENT & PORTFOLIO ACTIVITY

- The **aggregate investment** during FY13 in new corporate investment deals was $653 million. Investments included Georg Jensen, a leading Scandinavian luxury brand; FishNet Security, the largest independent provider of IT security; and Hydrasun, a leading specialist provider to the international oil and gas industry.
- **Corporate Investments** concluded during FY13 also included Orka Group, one of Turkey's leading luxury menswear retailers, Automak Automotive Company, a major Kuwait vehicle leasing business and Al Yusr Industrial Contracting Company W.L.L., one of Saudi Arabia's leading providers of technical industrial support services to the petrochemical and oil and gas sectors.
- Performance of the portfolio companies continued to improve. On average, Investcorp's US & European corporate investment portfolio of 18 companies increased their **EBITDA** by more than 10% year-on-year, despite the relatively more challenging economic environment in Europe.
- The aggregate investment during FY13 in **new real estate portfolios** was $240 million across four investment portfolios primarily within the commercial and office property space in North Carolina, Virginia, Colorado and Texas. Agreement has also been reached to acquire a student housing complex based in Texas and a retail center and medical offices located in California, which will form part of two new residential and commercial portfolios targeted for placement in FY14.
- Within the hedge funds business, two **seeding partnerships** were formed with Kingsguard Advisors, L.P. and Kortright Capital Partners.
- A $55 million **Special Opportunities Portfolio II (SOP II)** was established in May 2013 with a key objective of capitalizing on continued improvement in U.S. commercial real estate.
- In the fiscal year, Investcorp and its investors received over $2.1 billion in proceeds from **realizations and distributions** from corporate and real estate investments. Significant realizations from the corporate investment portfolio were FleetPride, CCC, IPH and Armacell. Partial realizations included the IPO and secondary sales of Fleetmatics and a dividend recap of Berlin Packaging. Successful realizations from real estate property portfolios included W South Beach, the Holiday Inn hotel, Orlando and a 49% interest in the Texas Retail Portfolio.

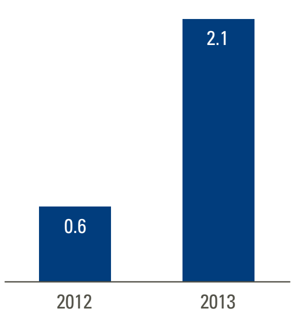
Capital deployed

($b)



Realizations & distributions

($b)



OTHER PERFORMANCE INDICATORS

5 years key ratios	FY09	FY10	FY11	FY12	FY13
Gross operating income ($m)	(437)	361	414	267	**362**
Return on average assets (%)	N.M.	2.9%	4.5%	2.4%	**4.0%**
Return on average ordinary shareholders' equity (%)	N.M.	11.6%	18.7%	1.3%	**9.3%**
Cost-to-income ratio (%)	N.M.	64.9%	60.5%	69.1%	**64.2%**

Note: "N.M." not meaningful

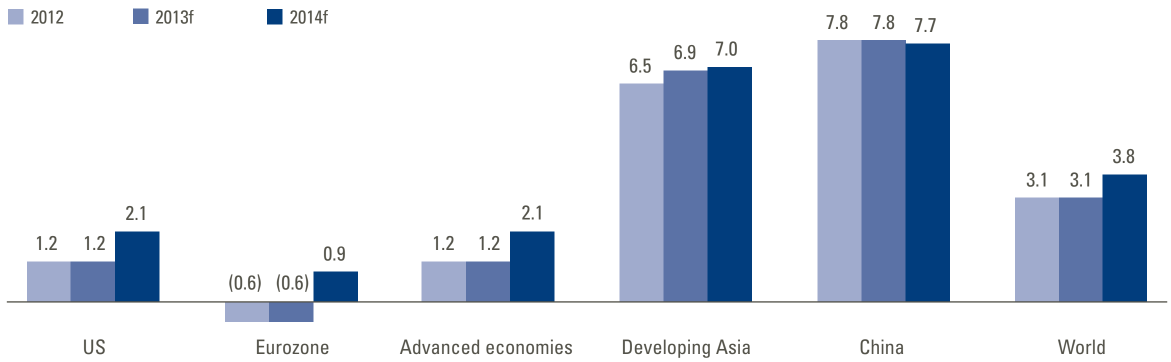
BUSINESS ENVIRONMENT

The macro-economic environment remained challenging through Investcorp's fiscal year 2013. Although there are some signs of recovery in the global economy, the story is by no means a consistent one. On a global scale growth is projected to remain subdued at 3.1%, less than previously thought, mainly due to slower than expected growth in emerging market economies and a lingering recession in the Eurozone.

In late 2012 and early 2013, growth appeared to have returned in the United States, which is such an important market for the world economy and for sentiment generally. The quantitative easing program in the US helped to support the market and created an environment in which continued growth is expected for jobs, the housing and construction market, credit and consumer spending. Throughout this period of quantitative easing, inflation has remained in check. More broadly, business sentiment has improved, particularly since the agreement by US legislators to avoid the fiscal cliff. This positive trend is set to continue in the second half of calendar year 2013, with favorable financial conditions and strong profitability likely to lead to an increase in business investment in the year ahead. However, recent comments by Ben Bernanke, Chairman of the Federal Reserve, which suggest quantitative easing (QE) will soon come to an end, could result in higher long-term interest rates and consequent market volatility.

Global GDP growth

(%)



Source: World Economic Outlook July 2013, IMF

The picture has not been as rosy in the Eurozone, however, which is expected to remain in a recession for the remainder of 2013. The bigger economies in Europe have all seen recession in the past two years, and some are taking longer to return to flat, let alone positive, GDP growth. In the first half of calendar 2013, continued economic woes, with high and rising unemployment, faltering real estate markets and threats of default in Greece, Spain, Portugal, Ireland and Italy, did little to lift sentiment amongst investors. The Cyprus bail-out by the Troika in April 2013 further exacerbated the uncertainty surrounding the very future of the Eurozone.

Borrowing conditions for companies in the Eurozone remain tough as banks continue to shrink their balance sheets. M&A activity remained flat, despite low interest rates and high levels of cash sitting on company balance sheets, while the IPO market saw a slight improvement for stronger companies with good stories to tell.

However, on a more positive note, comments made by Mario Draghi of the European Central Bank (ECB), reiterating the ECB's commitment to saving the Euro, played a key role in moving the needle for investor sentiment. The cost of credit for the periphery countries, most notably Spain, fell dramatically as investors began to regain some of their confidence in the outlook for Europe. At the same time, there have been some bold reform policies in countries like Spain and Ireland to return their economies to growth. Equity markets have risen significantly through the period.

Despite the prevailing negative macro-economic view of Europe, there is some promise in the mid-market segment in which Investcorp is active. According to the World Bank, if the mid-market firms of Germany, the UK, France and Italy were combined, it would create an economic power that ranks among the largest 10 in the world. Despite the uncertainty enveloping Europe, these mid-market firms have demonstrated the strongest growth. Investors continue to support this segment too. Looking at the private equity sector generally, on average almost 40% of the capital raised to fund European buyout deals, flows into the mid-market. Despite the broader macro-economic environment's constraints and challenges, Europe's mid-market remains an opportunity for investors across the globe, with significant potential for growth.

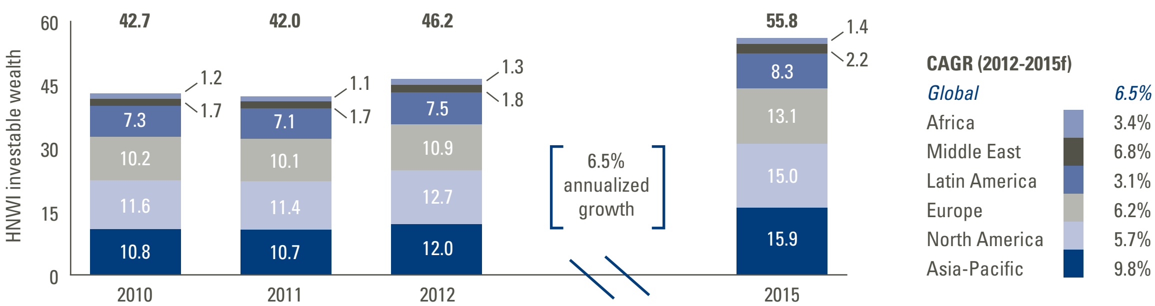
In the Gulf, growth and investment continues. Despite continued political uncertainty weighing on economic activity there has been some recovery of GDP levels in calendar year 2012, which recovered to 2010 levels, with aggregate GDP levels exceeding the contraction of the previous year. This was predominantly driven by oil exporting countries. However, the broader political uncertainty in some markets has held back investment during the fiscal year, and the region was affected to a degree by a slowing global economy and economic contraction in the Eurozone.

Regional investment opportunities have attracted a bigger share of investment in emerging markets alongside the traditional more developed markets, with investors once again looking to diversify their portfolios.

Government stimulus packages, infrastructure projects and regulatory reforms in various MENA countries continue to spur growth in regional markets and are attracting the interest of investors in defensive, growing and demographically-linked sectors such as transportation, consumer retail, food and beverage, education, healthcare and oil and gas.

HNWI wealth forecast: 2010-2015f by region

($t)



Source: World Wealth Report 2013, Capgemini & RBC Wealth Management

There is also an increased risk appetite in the region. Amongst ultra-high and high net worth individuals (UHNWIs and HNWIs), over half have seen their wealth increase during the global economic downturn. Cash rich investors are increasingly looking to diversify their wealth across geographies and asset classes. In particular, the macro economic trends of a likely increased global spend in the technology sector, and a strong revival of the commercial real estate market in developed economies, such as the US, present real opportunities for these investors, and is one which Investcorp is well suited to capitalize upon by connecting its clients to global markets and investment opportunities.

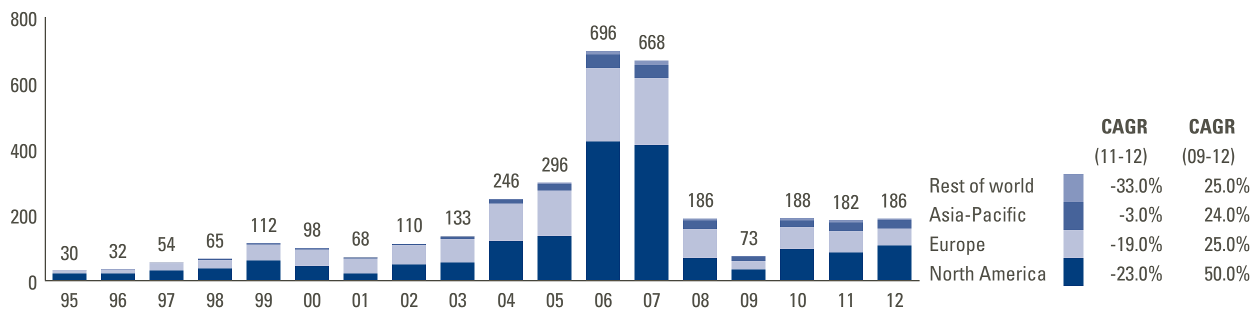
Looking ahead, Investcorp expects the global slowdown of GDP growth to reverse by the end of calendar 2013, with growth accelerating into and beyond 2014. It has been a tough period for global markets, but there are clear signs that the headwinds will eventually subside into a more normalized macroeconomic backdrop.

CORPORATE INVESTMENT – NORTH AMERICA AND EUROPE

The global private equity market in 2012 showed similar levels of activity as had been experienced in the previous couple of calendar years and remained below the average of the last ten years. The expected recovery in deal activity did not arrive in 2012. Global deal value totaled about $186 billion in 2012, showing virtually no change since 2010, and worldwide exit activity was down 6% compared to the previous year.

Global buyout deal value

($b)



Source: Dealogic
Note: Excludes add-ons, loan-to-own transactions and acquisitions of bankrupt assets; based on announcement date; Includes announced deals that are completed or pending, with data subject to change; geography based on the location of targets

However, the story was very different in North America compared with Europe, largely reflecting the prevailing economic sentiment in the two continents. Whilst the volume and value of deals executed in North America increased by 23% from the previous year, with the second half driving much of this growth, the value of deals in Europe declined by about 19% compared to 2011. By deal volume, there was a 7% reduction in the number of deals in Europe.

According to Ernst & Young's "Global Private Equity Watch 2013" report, average purchase price and debt multiples for new private equity deals remained broadly stable in calendar 2012, at 8.3x and 5.3x respectively, both of which had been creeping up over 2010 and 2011 following a sharp correction in the aftermath of the financial crisis.

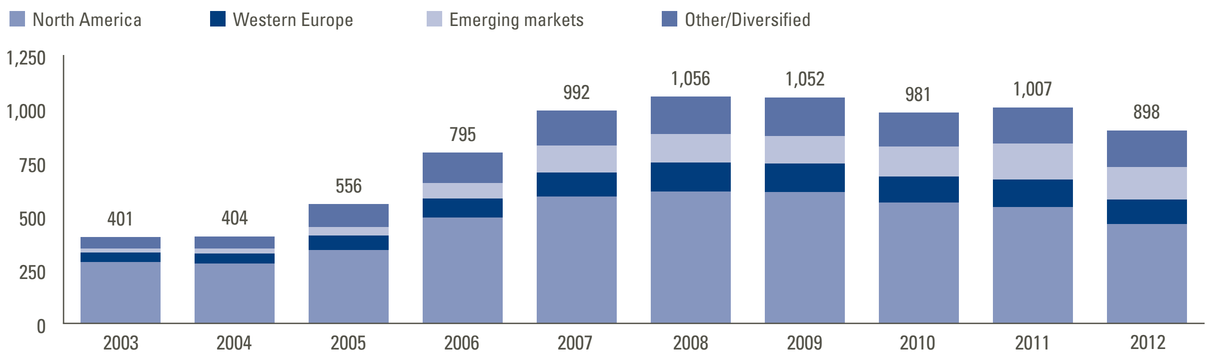
In terms of exits, activity in North America was up by 18% in both the number of deals done and deal value, accounting for half of total buyout exits by volume and 60% by value. In Europe, general partners (GPs) of private equity firms sold 25% fewer assets with a total value that was 34% below the previous year.

Exit activity in the first quarter of 2013, however, saw a slowdown compared to the robust activity in the fourth quarter of calendar year 2012. Secondary buyouts continued to account for the majority of exits, as private equity firms on both the buy- and sell-side work to balance deal-sourcing and monetization needs. Despite the slow start to calendar 2013, Investcorp believes that exit activity should pick up as the combination of aging portfolio companies and pressure from investors for private equity firms to put capital to work should lead to an active market environment.

The aging amount of dry powder, with more than 4,800 active private equity firms looking to invest approximately $400 billion earmarked for buyouts, combined with stronger lending markets and the attractive cost of debt, bodes well for the private equity industry in the remaining months of 2013.

Global private equity dry powder by investment region focus

($b)



Source: Preqin
Note: Other/Diversified includes developed countries outside of North America and Western Europe, funds that invest in both emerging and developed markets, and global funds

The volume of un-invested capital remains elevated but has been declining moderately. This is due in part to reduced fundraising and a steady level of investment. Over the next year, 2007 and 2008 vintage funds will be reaching the end of their investment periods, potentially triggering a greater desire to put funds to work. The rate that capital is called down has been gradually slowing. The amount of committed capital that firms fail to allocate during their five-year investment window averages more than 10% and continues to rise, slowing the rate of investment for subsequent funds.

Against the backdrop of a flat global private equity market, with deal activity, realizations, and fund-raising gaining little momentum, transactions were difficult to close and committed capital remained un-invested. Looking ahead, as many commitment periods begin to expire, deal flow will be expected to increase as GPs look for realizations and start new fund-raising.

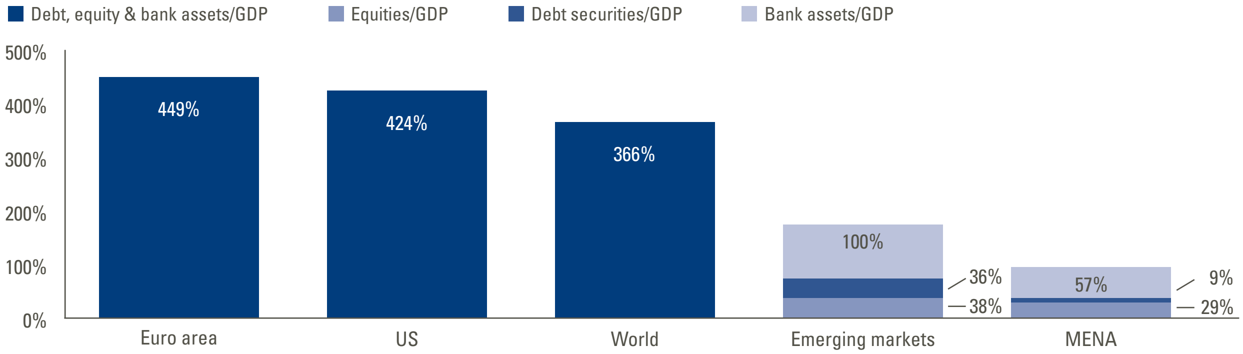
A particularly vibrant sector of the corporate investment market has been the technology sector. Despite investor uncertainty and increased volatility during the latter half of calendar 2012, a robust market for technology IPOs globally was evident. Technology companies, which typically provide innovative models and differentiated growth stories, continue to attract investors' interest. In 2012, 46 technology IPOs raised a combined $21 billion from the famous, such as Facebook, Inc. (NASDAQ:FB) and the renowned FleetMatics Group PLC (NYSE:FLTX), to the lesser-known such as Splunk (NASDAQ: SPLK), Workday (NYSE: WDAY) and Palo Alto Networks (NYSE:PANW). This momentum has continued in 2013 with successful listings closing in excess of 60% up on the offering price after the first day of trading. With a robust pipeline of technology IPO opportunities, the market is expected to continue this momentum.

Any improvement in the macro-economic environment is likely to benefit select technology companies as global IT spending increases. Prominent research firms all forecast approximately a 3.5% increase in global IT spend in 2013 with Big Data, cloud, mobile computing and social media expected to be the key spending areas as these game-changing technology trends pass their exploration phase and become part of mainstream enterprise IT strategy.

CORPORATE INVESTMENT – MENA

Although there has been a rise in investment opportunities within the MENA region, capital to fund such investment opportunities has proven to be somewhat scarce. MENA bonds, equities and bank assets reached 94% of MENA GDP according to the statistics provided in the IMF's "Global Financial Stability Report October 2012". This figure compares to 175% and 366% of GDP for emerging markets and the world, respectively. As a consequence of conventional sources of funding being limited, private equity players are expected to continue to play a key role in contributing towards the sustainable growth of local companies in the region.

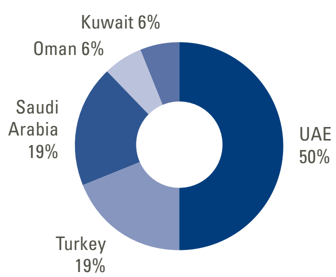
Benchmarking capital and financial markets

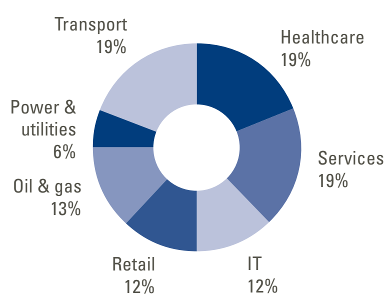


Source: Global Financial Stability Report October 2012, IMF

The GCC and Turkey continue to be a focus for private equity investments, underpinned by their robust macroeconomic environments and demographics. Private equity investments by regional players in these markets stood at 16 transactions in FY13, compared to 21 in FY12. The majority of these investments were in the UAE, Turkey and Saudi Arabia, and were primarily in the services, healthcare, retail, oil and gas and power and utilities sectors. With slower growth in other regions of the world and lower commensurate returns, regional private equity investors are facing increased competition for attractive assets, which is driving valuations up in these markets.

Breakdown of private equity transactions in FY13





Source: Zaw ya Private Equity Monitor & Investment research

Private equity firms continue to seek exits for their mature portfolio companies, as pressure mounts from investors to realize a return on their investments. During FY13, there were eight private equity exits through trade sales and one exit via an IPO, mostly in the UAE and Kuwait. Overall, a total of five IPOs were executed in the GCC during FY13, raising $840 million in aggregate proceeds. A strong IPO pipeline in Saudi Arabia is expected to result in further listings. Furthermore, as the UAE and Qatar have been upgraded to 'Emerging Markets' status by MSCI, increased activity is expected to buoy the respective stock exchanges as a result of an expected increase in inflows from Global Emerging Markets (GEM) indexed and actively managed funds as well as generally improved investor confidence as a result of the upgrade.

In summary, despite the negative impact from the weakening global economy and ongoing geopolitical tensions within the region, GCC countries continue to benefit from healthy oil revenues, a favorable credit environment and high government expenditure, strong demographic trends and a rising class of young and dynamic entrepreneurs. Furthermore, GCC sovereign wealth funds are increasingly interested in regional private equity opportunities, thereby further stimulating deal flow. Such favorable conditions invigorate strong, established and well capitalized corporate investment firms like Investcorp to continue to find attractive investment opportunities.

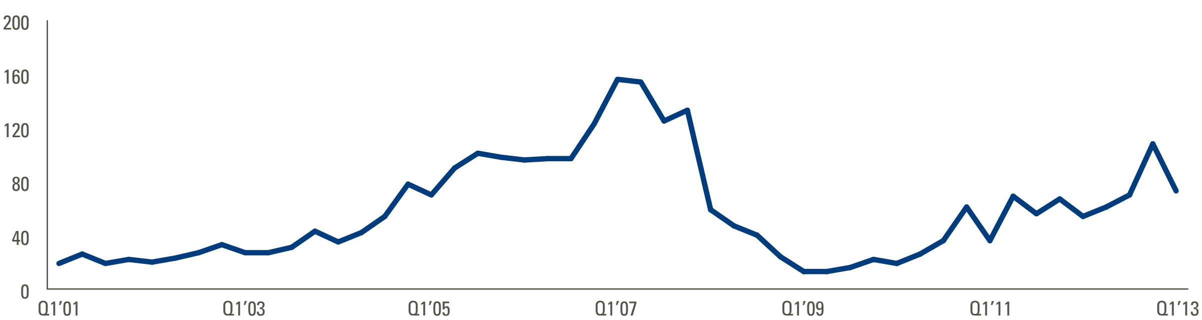
REAL ESTATE INVESTMENT

The US commercial real estate market continued its recovery in the first half of calendar year 2013. Property markets generally saw operating fundamentals improve and vacancy rates decline. As has been the case since the recovery began, capital flows were most focused on stable, cash generating properties in prime locations. However, there is a trend by some investors to pursue opportunities in secondary markets in the quest for higher yields. Whilst new supply is continuing to build, existing properties also continue to benefit from a relatively modest pipeline of new development projects nationally.

Transaction volumes in the second half of FY13 continued the strong trend seen in the first half of FY13. For calendar year 2012, transaction volumes were approximately $300 billion which was a 24% increase over the previous calendar year. Q1 2013 transactions volume was 35% higher than the same period a year earlier, and during the second quarter the pace remained robust.

Transaction volume

($b)

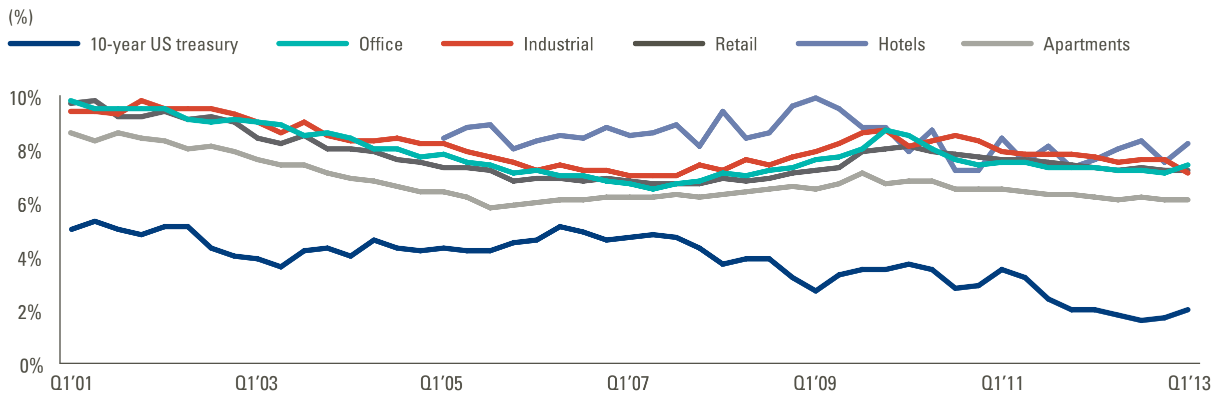


Source: Real Capital Analytics

The low interest rate environment, coupled with a growing perception that the US economy is strengthening, has benefitted the US commercial real estate market. That perception has been driven by a number of key economic statistics, particularly gains in employment. Job growth is beneficial to all real estate sectors but particularly so for the office and residential sectors. Not surprisingly, the strongest labor markets have seen some of the strongest real estate gains during the recovery, examples include: Texas (Dallas, Houston and Austin), California (Los Angeles and San Francisco), Denver, Atlanta, Chicago, New York and Washington, D.C., among others.

The US Federal Reserve has maintained an accommodative posture during the recovery by keeping rates low, in the hope of promoting stronger economic growth. As the US economy has begun to display greater vibrancy, the Fed has indicated a burgeoning tolerance for modestly higher rates. This has translated into slightly higher financing rates for commercial properties. The low interest rate environment has helped keep downward pressure on capitalization rates which have generally been in the 6% – 8% range over the past fiscal year – although they have been lower for trophy assets in gateway locations. The slight rise in interest rates had been anticipated for some time and the effect on capitalization rates has been somewhat muted to date.

Capitalization rates



Source: Real Capital Analytics

In terms of individual property sectors, the "for rent" apartment sector continues to benefit from strong demand driven by the trend away from home ownership in the US, in favor of renting. In addition, as the labor market makes gains, investors are focusing on well-located and undervalued suburban office properties. The growing confidence of US consumers is bolstering the retail sector, especially grocery or drugstore anchored centers that have high traffic on an ongoing basis. The hotel market is improving but, although occupancy is increasing, it is still a challenge to increase average daily rates. Finally, the industrial property market is seeing renewed vigor in step with the growing US economy.

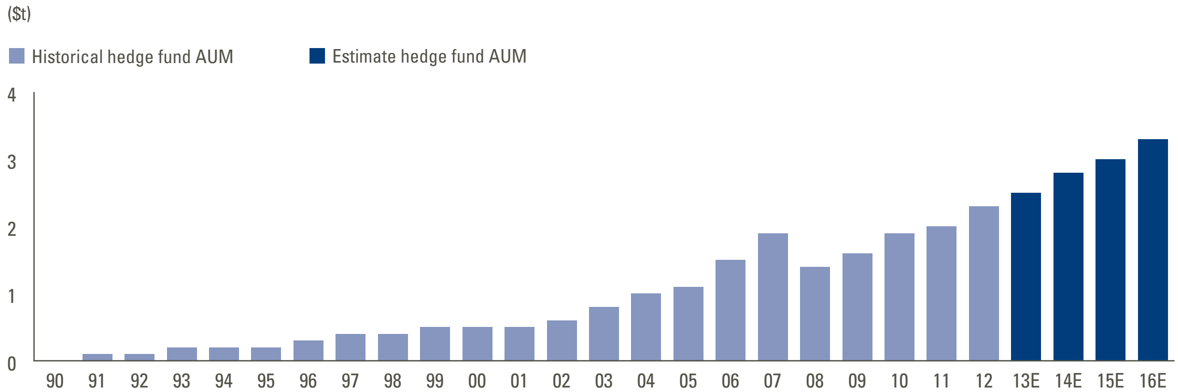
HEDGE FUNDS

Fiscal year 2013 was a strong year for the hedge funds industry. During the year, hedge funds generated average returns of +7.2% as measured by HFRI Fund of Funds Composite index. The rolling 12-month returns were the highest for the industry since mid-2010.

The overall market environment was more conducive to hedge fund strategies compared to the previous two fiscal years. The aggressive policy actions taken by the ECB and Federal Reserve helped curtail the tail risks. Liquidity has been plentiful and global growth is stabilizing at around 3.0% to 3.5%. There was more dispersion within asset classes and correlations across hedge fund strategies started to trend lower without any macro overhang. Idiosyncratic choices started working again. With steady trends and improvements in sentiment, hedge fund managers were comfortable taking on more risk that led to a steady pickup in returns. Strategies such as Structured Credit, Long/Short Equities and Event Driven fared very well during this period. However, towards the end of the year, remarks by U.S. Federal Reserve Chairman Ben Bernanke led to some concern of an early end to U.S. monetary stimulus. This triggered a sell-off in fixed income and equity markets and the 10-year US treasury rate hit a two-year high.

As a result of improved performance, the hedge funds industry continued to experience inflows and new fund launches during the last twelve months. As of December 2012, the total industry assets reached a record $2.25 trillion. A number of surveys show that a significant proportion of the inflows have gone to the largest funds. While the largest funds experienced the most inflows, emerging managers have demonstrated their ability to outperform established managers. Such managers are also providing better fee terms to their investors.

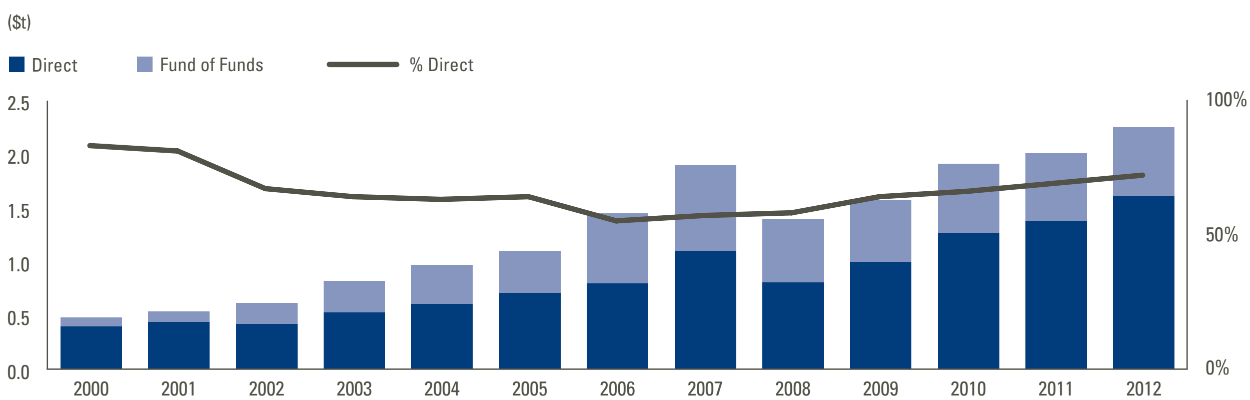
Hedge fund industry assets under management



Source: AUM data up to FY12 from HFR Industry Reports © HFR, Inc. Year End 2012 report, www.hedgefundresearch.com & AUM projections from 2013 from Citi Prime Finance Publication, June 2012

Looking ahead, allocation to alternative asset classes, including hedge funds, is expected to grow over the next several years. A shift in institutional asset allocation from traditional assets to alternative assets will drive this trend. Traditional asset classes like equities and bonds are expected to generate lower yields and investors are exploring other avenues to generate higher yields in order to meet their return targets. The last twelve months have once again shown the ability of hedge funds to generate better risk-adjusted returns. Within the asset class, investors are increasingly evaluating niche strategies and emerging managers. Seeding of hedge fund managers has become an attractive business. Seeding of managers in return for a share of their equity or revenue streams is likely to emerge as an important source of return.

Hedge fund industry assets



Source: HFR Industry Reports © HFR, Inc. Year End 2012 report, www.hedgefundresearch.com

The regulatory environment for hedge funds has become more complex. Most hedge funds registered with the SEC had to submit a "Form PF", the new data collection initiative through which regulatory authorities intend to aggregate and measure risks in the financial system. Another significant reform, under the Dodd Frank legislation, is the requirement for OTC derivative positions to be cleared through a central clearing mechanism. The industry is coping well with the new regulations and these have not hurt the industry's ability to generate returns.

INVESTMENTS AND REALIZATION ACTIVITY

Investcorp has maintained its disciplined approach towards investment activity during FY13, being mindful of the continued risks to global economic growth. Identifying and selecting acquisitions via rigorous due diligence is, as always, essential to securing well-managed quality investment opportunities that can be expected to deliver superior risk-adjusted returns.

CORPORATE INVESTMENTS

The aggregate equity deployed in new corporate investments during FY13 was $653 million, across eight deals:

ORKA GROUP
(Gulf Opportunity Fund I)
One of Turkey's leading luxury branded menswear retailers

Date of investment: September 2012

Industry sector: Consumer products – retail

AUTOMAK AUTOMOTIVE COMPANY
(Gulf Opportunity Fund I)
A leading independent vehicle leasing company in Kuwait

Date of investment: October 2012

Industry sector: Consumer services – logistics and transportations

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GEORG JENSEN
(Deal-by-deal and PE Fund)
A leading Scandinavian luxury brand with over 108 years of history

Date of investment: November 2012

Industry sector: Consumer products – retail

FISHNET SECURITY
(Deal-by-deal, Investcorp Technology Ventures Fund III and PE Fund)
The largest independent, pure-play provider of information technology security solutions in North America

Date of investment: November 2012

Industry sector: Business services – IT services

HYDRASUN
(Gulf Opportunity Fund I and deal-by-deal)
A leading specialist equipment and services provider to the international oil and gas industry

Date of investment: March 2013

Industry sector: Industrial services – ancillary support services

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Date of investment: June 2013

Industry sector: Industrial services – ancillary support services

AL YUSR INDUSTRIAL CONTRACTING COMPANY W.L.L. "AYTB"

(Gulf Opportunity Fund I)

A leading provider of technical industrial support services to the petrochemical and oil and gas sectors

Investcorp Gulf Opportunity Fund I agreed to acquire significant minority stakes in two GCC companies. One of the transactions closed during H2 FY13 and is expected to be announced during H1 FY14, whilst the second transaction is expected to close and be announced in H1 FY14.

OTHER CORPORATE INVESTMENT ACTIVITIES:

No additional equity was deployed for the following add-on investments by Investcorp's portfolio companies.

August 2012:	**CEME** closed on the add-on acquisition of Maflex, a small supplier which performs the automated insertion of electrical components used by CEME to manufacture its pumps
September 2012:	**OpSec Security** acquired JDSU's Holographic Security, providers of a product that addresses the transaction card market segment. **TDX Group** also made an add-on acquisition of Sawfish, a software provider to debt management companies and insolvency practitioners
October 2012:	**Berlin Packaging** acquired US Container Corporation, a distributor of industrial and rigid packaging based in California. **Gulf Cryo** acquired Industrial Gases Company S.A.E., an Egyptian packaged gas company
November 2012:	**Gulf Cryo** acquired Al Wid Trading L.L.C., an industrial gases and LPG business in Oman

REAL ESTATE INVESTMENTS

The aggregate equity deployed in new real estate investments was $240 million in FY13 across four portfolios and two new portfolios under assembly:

Date of investment: September 2012

2012 OFFICE PROPERTIES PORTFOLIO

Comprises an equity ownership interest in three properties located in North Carolina (Keystone Office Park), one property in Texas (Duke Bridges III) and a mezzanine loan interest in two properties (Broadreach Office) located in Colorado

Date of investment: December 2012

TEXAS APARTMENT PORTFOLIO II

Comprises five Shari'ah compliant 'for rent' apartment properties (Bristol Square, Waters Park, Villages of Meyerland, Cottages of Champions Forest and Villas at Edgewater) located throughout Texas

Date of investment: December 2012

2013 OFFICE PROPERTIES PORTFOLIO I

Comprises an equity ownership in a Shari'ah compliant portfolio of 11 office buildings in Illinois (Oak Creek Center) and five office and medical buildings in Texas (Pin Oak Park)

Date of investment: April 2013

2013 OFFICE PROPERTIES PORTFOLIO II

Comprises equity ownership in a Shari'ah compliant portfolio of an office building located in Virginia (Tysons Commerce Center), three office buildings in Colorado (Westmoor Place) and an office building in Texas (One Westchase Center)

In June 2013, Investcorp agreed to acquire a student housing complex located in Texas and a retail center and medical office building located in California. These two new properties will likely be part of two new portfolios (residential and commercial) for placement in FY14.

HEDGE FUNDS ACTIVITIES:

Two new seeding partnerships were formed in the fiscal year with **Kingsguard Advisors, L.P.** in October 2012 and **Kortright Capital Partners** in June 2013.

Kingsguard is a New York-based investment firm founded by former Goldman Sachs senior executives, Rishi Chadda and Cyrus Pouraghabagher, who have a combined 28 years of experience at Goldman Sachs, where they focused extensively as principal risk takers across liquid fixed income products, mortgages and structured credit markets. Kingsguard launched operations in November 2012. Investcorp provided Kingsguard with an initial investment and will provide risk oversight, marketing and operational support. Kingsguard will focus on capitalizing on market opportunities across the entire fixed income spectrum including the rates, volatility, credit and mortgage markets.

Kortright is an equity event manager that was founded in 2010 by Matthew Taylor and Ty Popplewell. Mr. Taylor and Mr. Popplewell have a combined experience of 25 years and they have been working together for eight years including three years at Kortright Capital Partners and five years at Och Ziff Capital Management. Kortright pursues a low net exposure equity event strategy with a deep fundamental investment process and focuses on small and mid-cap names that are at a “crossroads” in their corporate life.

Following the success of Investcorp’s Special Opportunities Portfolio (SOP I) launched in April 2011, **Special Opportunities Portfolio II (SOP II)** was established in May 2013. SOP II’s key objective is to capitalize on continued improvement in U.S. commercial real estate. Investcorp partnered with a top quartile structured credit manager from Investcorp’s single manager platform to screen, acquire and manage investments. The portfolio consists of commercial mortgage backed securities positions where the underlying collateral is comprised of mortgages on commercial properties located in the United States.

REALIZATIONS AND DISTRIBUTIONS

Total realization proceeds and other distributions to Investcorp and its clients were over $2.1 billion in FY13.

CORPORATE INVESTMENTS

FLEETPRIDE

Date of realization: October 2012

Industry sector: Industrial services – Distribution

Largest US distributor of heavy duty truck and their trailer parts. Under Investcorp's ownership, FleetPride added 93 branches to a total of 248 branches across 45 U.S. states and executed 31 add-on growth acquisitions

WELLS-CTI

Date of realization: October 2012

Industry sector: Communications infrastructure

Manufacturer of high performance consumables for the semi-conductor test industry. Realization from Investcorp Technology Ventures Fund II

CCC

Date of realization: January 2013

Industry sector: Industrial services

US automotive insurance claims software provider. Under Investcorp's ownership, CCC's EBITDA grew organically by over 50%

FLEETMATICS

Date of realization: October 2012 and February 2013 (partial realization)

Industry sector: Wireless data

A leading global provider of fleet management solutions for commercial fleet vehicles. Partial realization from Investcorp Technology Ventures Fund III

In October 2012, Fleetmatics completed an initial public offering of 7,812,500 shares of its common stock at a price to the public of $17 per share

In February 2013, an additional 5,851,569 shares were sold as a secondary offering at $23.87 per share

In June 2013, Fleetmatics filed with the SEC for a proposed public offering of 8,000,000 secondary shares

WELCOME BREAK

Date of realization: February 2013

Industry sector: Consumer services

One of the largest independent motorway service operators in the UK. It was sold in 2008 to Appia Investments Limited with Investcorp and its investors retained an interest in the investment through a Vendor Loan Note (VLN) which was partially repaid in February 2013

IPH

Date of realization: March 2013

Industry sector: Industrial services – Distribution

Largest distributor of industrial supplies in France. Under Investcorp's ownership, IPH tripled its sales to €860 million and grew its EBITDA to over €62 million in 2012

KENTROX

Date of realization: March 2013

Industry sector: Communications Infrastructure

A leading provider of remote access, monitoring and control solutions to fixed-line and mobile service providers worldwide. Realization from Investcorp Technology Ventures Fund II

BERLIN PACKAGING

Date of realization: April 2013 (partial realization)

Industry sector: Distribution

Leading full-service Hybrid Packaging SupplierTM of plastic, glass and metal containers and closure in North America. Successfully completed a dividend recapitalization via a new $610 million credit facility in partnership with Berlin Packaging's founders and management team. Partial realization from Corporate investment – North America portfolio

ARMACELL

Date of realization: April 2013 (deal closed in July 2013)

Industry sector: Industrial products

A global market leader in the development, production and sale of flexible technical insulation materials. Under Investcorp's ownership, Armacell increased its sales by 30% to €430 million

Date of realization: October 2012

Portfolio name: US Diversified Properties VIII

Geographic location: Kentucky

Properties remaining: 3

SEELBACH HILTON HOTEL (REAL ESTATE)

Sold a 321 bedroom hotel located in Louisville

Date of realization: November 2012
(partial realization)

Geographic location: California

Properties remaining: 13

NORTHERN CALIFORNIA PORTFOLIO (REAL ESTATE)

Sold a retail building

Date of realization: December 2012

Portfolio name: Retail IV & Diversified VI

Geographic location: Texas

Properties remaining: 22

TEXAS RETAIL PORTFOLIO (REAL ESTATE)

Sold 49% of the interest held by Retail IV and Diversified VI portfolios

DEERBROOK MARKET PLACE (REAL ESTATE)

Sold a 348,542 sq. ft. retail shopping center

Date of realization: March 2013

Portfolio name: US Retail Properties V

Geographic location: Texas

Properties remaining: 1

W SOUTH BEACH (REAL ESTATE)

Sold interest held in a C Mortgage Note

Date of realization: June 2013

Geographic location: Florida

HOLIDAY INN ORLANDO HOTEL (REAL ESTATE)

Sold a 245 bedroom hotel in Orlando

Date of realization: June 2013

Portfolio name: US Hotel Portfolio

Geographic location: Florida

Properties remaining: 5

OTHER PRODUCTS

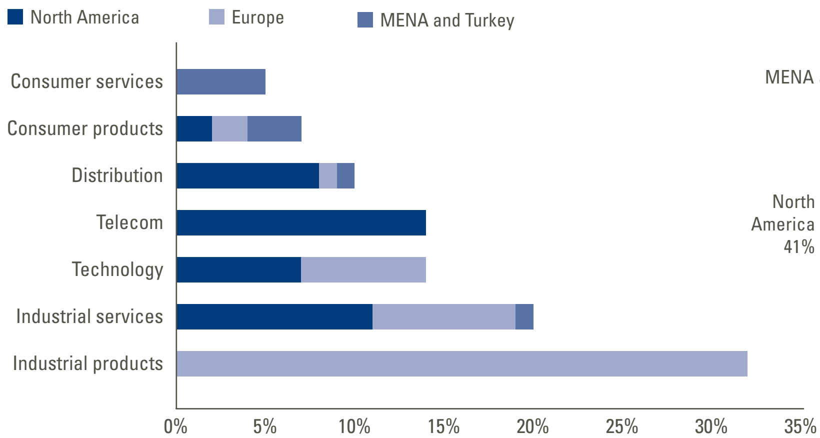
Special Opportunities Portfolio (SOP I) launched in April 2011, completed a partial realization in March and June 2013. SOP I is a portfolio of select investments in distressed credit and corporate restructurings in the United States and Europe.

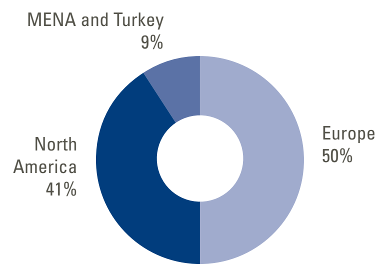
PORTFOLIO COMMENTARY

CORPORATE INVESTMENTS

At June 30, 2013, the carrying value of Investcorp's balance sheet co-investment in corporate investments, excluding strategic investments, was $836.4 million (41 companies) compared with $1,134.2 million at June 30, 2012 (39 companies). The total corporate co-investments amount represents 61% of total balance sheet co-investments at June 30, 2013. Please refer to the table in Note 9 (a) of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2013 and June 30, 2012 carrying values by region and investment sector.

The corporate investment portfolio is diversified by sector and is predominantly located in North America and Europe.





Only one investment, Telepacific ($113.0 million), represents more than 10% of shareholders' equity at June 30, 2013.

At June 30, 2013, Investcorp's aggregate balance sheet co-investments in North America were $345.0 million with 18 active portfolio companies under its ownership (FY12: $629.1 million at June 30, 2012). One new investment was added to the portfolio during FY13.

At June 30, 2013, Investcorp's aggregate balance sheet co-investments in Europe were $414.0 million with 14 active portfolio companies under its ownership (FY12: $481.2 million at June 30, 2012). Two new investments were added to the portfolio during FY13.

At June 30, 2013, Investcorp's aggregate balance sheet co-investments in MENA (including Turkey) were $77.4 million with eight companies under its ownership. Three new investments were added to the portfolio during FY13. (FY12: $24.0 million at June 30, 2012). For corporate investments in MENA, clients participate on a portfolio basis through a dedicated fund, the Gulf Opportunity Fund I, in which Investcorp is a co-investor, as well as direct investments on a deal-by deal basis. As of June 30, 2013, the fund is fully invested and is therefore now reclassified as a closed-end invested fund, rather than a closed-end committed fund. It is currently 92% deployed and the fund can call further capital for add-on investments and deals currently in the pipeline.

For investments in the technology sector, Investcorp's clients are offered participation on a portfolio basis through dedicated technology funds, in which Investcorp is a co-investor, as well as direct investments on a deal-by-deal basis. Investcorp has raised three technology funds. The $230 million Investcorp Technology Ventures Fund I was raised in 2001. It is fully invested and in the final stages of being harvested. The $300 million Investcorp Technology Ventures Fund II was raised in 2005 and is fully invested, with $297 million deployed and $3 million held in reserve for follow on investments to support the existing portfolio companies. The $500 million Investcorp Technology Partners Fund III was raised in 2008 and is currently 70% deployed.

More detailed information on all companies in the Corporate Investment portfolio can be found in the Portfolio Review section.

Overall, the portfolio continues to be well positioned and portfolio companies have performed relatively well as a result of the pro-active ownership characteristic of Investcorp's value enhancement post acquisition approach. The four significant realizations in FY13: Fleetpride, CCC, IPH and Armacell are all examples of the success of Investcorp's value enhancement approach during the period of ownership.

- Investcorp supported FleetPride's management team from a very early stage to successfully implement inorganic growth plans. The company made 31 different add-on acquisitions, strengthening its cross-country supply chain. This added total acquired sales of over $270 million and helped increase FleetPride's branch count to 248 with operations in 45 U.S. states. These initiatives increased the company's EBITDA from $52 million at the time of purchase in June 2006 to over $100 million.

- Investcorp worked closely with the management of CCC to drive expansion, product development and revenue growth resulting in over 50% organic growth in CCC's EBITDA.

- The IPH business was transformed from being a domestic champion to a successful pan-European leader. Since the acquisition in June 2006, Investcorp supported three major add-on acquisitions by the company enabling it to build its leadership position and expand its international footprint, despite the challenging economic conditions experienced across Europe. During the period of ownership, IPH tripled its sales from €293 million to €860 million and grew EBITDA from €12 million to over €62 million in 2012.

- Investcorp acquired Armacell in 2007 and from that date increased sales by 30 percent to approximately €430 million, increasing the number of employees to over 2,300 while significantly increasing investment in R&D and product development. This helped diversify end markets from construction to industrial sectors, the oil and gas market and acoustic applications allowing Armacell to gain market share in emerging markets such as China and Latin America. The company evolved to become the global market leader in elastomeric insulation foam and extended its overall geographic footprint outside of Europe.

On average, Investcorp's portfolio of 18 companies increased their EBITDA by more than 10% year-on-year in US and European Corporate Investment, despite the challenging economic headwinds in Europe. Aggregate EBITDA for these companies was approximately $975 million. All companies experienced year-on-year EBITDA growth with ten companies growing greater than 10% compared to last year. Portfolio company leverage is low and the average debt across the portfolio is relatively modest at 3.5x EBITDA.

HEDGE FUNDS

At June 30, 2013, the carrying value of Investcorp's balance sheet co-investment in hedge funds was $315.8 million compared with $414.1 million at June 30, 2012. The total co-investment amount represents 23% of total balance sheet co-investments at June 30, 2013. Please refer to the table in Note 8 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2013 and June 30, 2012 carrying values.

PERFORMANCE

During FY13, Investcorp's hedge funds co-investment portfolio rebounded strongly and delivered unlevered returns of 5.1%. During the same period, the industry benchmark, HFRI Fund of Funds Composite Index returned 7.2%. The differential in performance is consistent with the lower beta and risk exposures maintained by Investcorp's portfolio relative to the industry benchmark. Investcorp maintains a lower beta profile through its conscious over-allocation to portfolio insurance and lower market beta managers.

Credit and equity oriented managers delivered strong returns during the course of FY13. Earlier in the fiscal year, Investcorp significantly increased its allocation to structured credit to take advantage of the opportunities in that strategy. Especially noteworthy was the performance of one of Investcorp's seeded single manager funds, which delivered an exceptional return of 18.3% over the last 12 months. Long/short equity managers, especially European and global managers posted double digit returns. Performance of relative value strategies was muted whereas the portfolio insurance strategy detracted from overall performance in terms of absolute return.

LIQUIDITY

Investcorp's hedge funds co-investment portfolio is constructed so that a significant part of it is available for monetization within a three to six-month window. As of June 30, 2013, approximately 68% of Investcorp's hedge fund co-investment was contractually available for monetization within a three-month window and 71% was available within a six-month window.

PORTFOLIO EXPOSURES

Investcorp has consistently maintained co-investment in the hedge funds program, in line with its philosophy of co-investing alongside its clients. Total gross exposure was $458 million at June 30, 2013 reflecting a managed reduction over the fiscal year from a gross exposure of $711 million at June 30, 2012. A percentage of the exposure is directed towards managers on Investcorp's seeding single manager platform that provide a higher return on capital through a combination of investment returns and a share of underlying manager fees. As of June 30, 2013, balance sheet co-investment in single managers was $189 million compared to $254 million at June 30, 2012. Investcorp's remaining hedge funds exposure is primarily directed through customized accounts, similar to the structures created for Investcorp's large institutional clients. Of the gross exposure of $458 million, $142 million was financed through non-recourse notes.

STRATEGY OUTLOOK

Strategy	Outlook
Event driven	Positive
Structured credit	Positive
Hedge equities	Moderately positive
Macro	Moderately positive
Relative value strategies	Neutral
Portfolio insurance	Neutral
Distressed	Moderately negative

In line with the above views, exposures to Event Driven and Structured Credit strategies increased significantly during the fiscal year, whereas exposures to Relative Value strategies and Portfolio Insurance decreased considerably. Allocations to Macro strategies increased moderately.

- Investcorp has a "Positive" view on Event Driven strategy. This is predicated on strong corporate balance sheets, a low interest rate environment and increased corporate risk appetite that Investcorp believes will lead to improved deal flow and corporate balance sheet restructuring activities.

- Investcorp maintains Hedge Equities at a "Modestly Positive" rating. Tail risks have abated, stock correlations are reduced and while valuations are broadly neutral there is scope for multiples to expand as equities are deemed the best relative valuation play, certainly versus fixed income, credit and cash.

- Investcorp has a "Modestly Positive" view on Macro. Asset classes such as FX that have been disappointing in recent years are showing signs of sustained trends. Furthermore cross asset correlations are declining which is opening up the macro opportunity set.

- Investcorp continues to allocate to Relative Value strategies as the capital shrinkage relative to the opportunity set make many strategies interesting.

- Fixed Income Relative Value remains at a 'Positive" rating; this is predicated on our strong positive view on structured credit.

- Investcorp remains neutral on the Equity Market Neutral strategy principally to commoditized factor-based orientated managers but it is more positive on statistical arbitrage and niche fundamental value managers.

- Portfolio Insurance remains at "Neutral" for the time being as tail risk remains curtailed.

- Investcorp has downgraded its view to "Modestly Negative" on the Distressed strategy, as valuations have fully reflected the low default rate environment.

REAL ESTATE INVESTMENT

At June 30, 2013, Investcorp's real estate balance sheet co-investments, totaled $156.5 million compared with $154.5 million at June 30, 2012. The total co-investment amount represents 11% of total balance sheet co-investments at June 30, 2013. Please refer to the table in Note 10 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes the June 30, 2013 and June 30, 2012 carrying values by portfolio types.

Real estate co-investments comprised $120.1 million of marked-to-market equity investments and $36.4 million of debt investments, held at net amortized cost inclusive of any provisions for impairment.

Carrying values for Investcorp's real estate co-investment by vintage year are shown below. Carrying values reflect some reduction in value for some legacy investments together with the impact of exits and new acquisitions and placements during the period.

Investcorp co-investment by year ($m)	Properties # vs. current	Sector	Geographic location	Carrying value as of 30th June 2013	June 2012
Commercial IV	12/2	Office	E		
Vintage FY05				**0.7**	1.7
Commercial V	3/1	Retail	SE		
Retail III	8/8	Retail	MW		
Retail IV	29/23	Retail	SW		
Opportunity II	3/1	Opportunistic	W		
Opportunity III	3/2	Opportunistic	E		
Vintage FY06				**13.1**	20.3
Diversified VI	2/2	Retail/Hotel	SE/SW/MW		
Diversified VII	4/4	Industrial/Office/Hotel	E/MW		
Hotel	9/5	Hotel	SE/SW/MW		
Bravern	1/1	Opportunistic	W		
Vintage FY07				**33.1**	31.4
Diversified VIII	5/3	Office/Hotel	W/ SW/MW		
Weststate	1/1	Opportunistic	W		
Best Western	1/1	Hotel	E		
Vintage FY08				**28.0**	31.5
Retail V	1/1	Retail	SW		
Vintage FY10				**0.4**	1.1
Commercial VI	3/3	Retail & Office	E/SE/SW		
Diversified IX	2/2	Office/Hotel	W		
Vintage FY11				**12.0**	10.8
Diversified X	3/3	Residential/Office/Medical	SE/W		
Northern California	14/13	Diversified	W		
Southland & Arundel Mill Mezz	0/0	Retail/Hotel	SE/E		
Texas Apartment	5/5	Residential	SW		
Vintage FY12				**2.5**	3.1
Office 2012	4/4	Office	SW/SE/W		
Texas Apartment II	5/5	Residential	SW		
2013 Office	16/16	Office	SW/MW		
2013 Office II	5/5	Office	SE/W/SW		
Vintage FY13				**7.1**	–
Others	n.a.			**59.7**	54.6
Total	111			**156.5**	154.5

* W=West, E=East, SW =Southwest, SE=Southeast, MW=Midwest

Overall valuations on the portfolio have stabilized as the economy and operating fundamentals have improved. Mark downs on the legacy (pre-2009) portfolio were limited to a small number of cases and were asset-specific in nature.

Investcorp currently has 27 active real estate investment portfolios, including its three debt funds. At June 30, 2013, 18 of these were on or ahead of plan. The remaining nine which are pre-2009 portfolios that have been written down significantly in value already and, rated behind plan, are generally those holding hotel, condominium developments and offices in regions where the economic environment has been generally subdued. Overall, the strategy for these portfolios is to position them for medium to long term ownership in stable capital structures with modest or no additional capital investment requirements.

Investcorp's real estate co-investment portfolio is well diversified. The largest single exposure is a $25.1 million investment in the Investcorp Real Estate Credit Fund which has eight underlying investments. All other individual exposures are less than 10% of the aggregate portfolio and less than 2% of total shareholder equity.

Investcorp has maintained an approach that targets income producing, commercial real estate and "for rent" multi-family residential properties in major markets throughout the United States. As the United States economy has slowly rebounded from its recessionary lows, the real estate investment team has mainly focused upon markets that possess industries in which the United States is globally competitive such as energy, technology and healthcare. Markets such as these are benefiting from employment growth that is better than the national average and that dynamic has rebounded positively upon the corresponding property markets.

In its current portfolio, Investcorp has sought to maintain and enhance value through a "hands on" approach to property level asset management. This disciplined approach promotes the optimization of cash flow, vigorous expense reduction, tenant retention, and judicious capital reserve management. The intention of this policy is to optimize and maintain operating efficiencies with the goal of preserving and enhancing value on behalf of Investcorp's clients.

In addition to the deal-by-deal offering of equity and debt investments in US commercial real estate, Investcorp's clients have the opportunity to make debt investments through a fund format. Investcorp has raised three funds to invest in and originate commercial real estate debt, in which Investcorp is a co-investor. The $108 million US Mezzanine Fund I, created in FY07 and the $176 million Investcorp Real Estate Credit Fund, created in FY08, are both fully deployed. In FY13, the third newly established fund, the $100 million Investcorp Real Estate Credit Fund III, made its first investment of $30 million in July 2012 in a mezzanine debt position secured by the Paramount Hotel, New York and a further two mezzanine investments in the Guaranty Bank office building in Denver and the Steelyard Commons retail center in Cleveland.

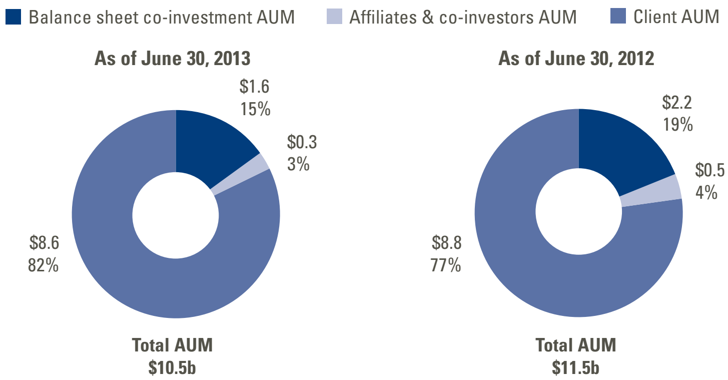
FUNDRAISING

ASSETS UNDER MANAGEMENT (AUM)

Please refer to the table in Note 4 of the Consolidated Financial Statements of Investcorp Bank B.S.C., which summarizes total assets under management in each of the reporting segments.

Total assets under management

($b)



Total AUM decreased by 9% to $10.5 billion at June 30, 2013 from $11.5 billion at June 30, 2012. The decrease was primarily due to a spate of profitable realizations from corporate investments and real estate investments and a planned reduction in balance sheet co-investments.

Total client AUM decreased slightly by 2% to $8.6 billion at June 30, 2013 from $8.8 billion at June 30, 2012. The strong fundraising activity was offset by exit activity during the year, particularly in corporate investments. Hedge funds client AUM increased by 4% driven by a healthy increase of over 15% in single manager AUM.

Corporate investment and hedge funds continue to be the dominant components of client AUM. Corporate investment and hedge funds represent 40% and 43% of client AUM, respectively.

KEY AUM AND FUNDRAISING PERFORMANCE INDICATORS (BY ASSET CLASS)

Corporate investment ($m)	**FY13**	FY12	% Change B/(W)
Client AUM			
Closed-end committed funds	**899**	1,753	(49%)
Deal-by-deal investments	**1,904**	2,112	(10%)
Closed-end invested funds	**682**	213	>100%
Total client AUM – at period end	**3,485**	4,078	(15%)
Average client AUM	**3,782**	4,017	(6%)
Equity deployed	**653**	471	39%
Deal-by-deal placement	**494**	214	>100%

Hedge funds ($m)	**FY13**	FY12	% Change B/(W)
Client AUM			
Fund of fund/Customized accounts	**2,127**	2,197	(3%)
Single managers	**1,564**	1,351	16%
Total client AUM – at period end	**3,691**	3,549	4%
Average total client AUM	**3,620**	3,716	(3%)
Fundraising	**900**	917	(2%)

Real estate investment ($m)	**FY13**	FY12	% Change B/(W)
Client AUM			
Closed funds (mezzanine/debt)	**173**	173	0%
Deal-by-deal investments	**971**	844	15%
Total client AUM – at period end	**1,144**	1,017	12%
Average client AUM	**1,081**	952	14%
Capital deployed	**240**	184	30%
Deal-by-deal placement	**201**	132	52%

CLIENT PLACEMENT

Investcorp continued to provide alternative investment solutions to clients who are predominantly private and institutional investors in the six GCC countries, but also include a number of international institutions. In FY13, Investcorp displayed strong fundraising momentum in its core Gulf markets, driven by continued client appetite for attractive alternative investments and a number of successful exits from Investcorp corporate investment and real estate portfolios. The placement team successfully completed nine deal-by-deal offerings in the fiscal year.

Total fundraising in the Gulf was $751 million, an increase of 117% from the $346 million raised in FY12 and the highest placement amount since the global financial crisis of 2008. Corporate investment placement was $494 million which represented a 130% increase over the $214 million placed in FY12. Real estate placement was $201 million which represented a 52% increase over the $132 million placed in FY12. New subscriptions into hedge funds from institutional investors were $844 million. This performance is underpinned by Investcorp's focus on leveraging its brand in the Gulf to capture an increasing share of investable wealth in the GCC region and the secular shift of investment allocations into alternative assets.

Investcorp continued to provide its hallmark high touch service to its Gulf clients by increasing coverage and frequency of meetings, providing clients with frequent updates on the valuations and performance of their portfolios and giving advice on asset allocation strategies in what remains an unpredictable investment environment. As part of Investcorp's unwavering commitment to its clients, the firm also arranged meetings for clients with members of the product investment teams and selected portfolio company management.

Investcorp's history, commitment and track record in the region means it is particularly trusted by Gulf investors to provide them with unique and non-traditional investment opportunities and services and also to ensure that those investment opportunities are suitable for their risk return preferences.

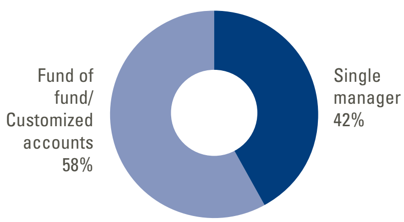
On January 19th, Investcorp's Saudi Arabian subsidiary relocated to a new office in Riyadh, Kingdom of Saudi Arabia on the 29th floor of the Al Faisaliah Tower. A new representative office in Abu Dhabi is expected to open during the second quarter of FY14, subject to final completion of the licensing process with the UAE Central Bank and other government authorities. In addition, Investcorp has begun preparing applications for a new subsidiary to be licensed to operate in the State of Qatar.

OPEN-END HEDGE FUNDS

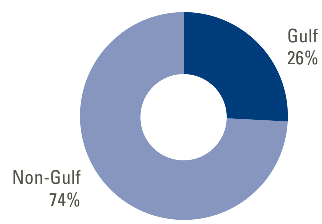
At June 30, 2013, hedge fund assets under management were $4.2 billion. $3.7 billion were client assets and $0.5 billion were Investcorp balance sheet co-investments, on a gross basis.

Hedge fund assets

By product type



By geography



A significant portion of client hedge fund assets continue to come from the US. As at June 30, 2013, 74% of client assets were from US institutional investors and 26% from Gulf private and institutional investors. 58% of client hedge fund assets are invested through funds of hedge funds and customized accounts as of June 30, 2013. Assets under management with single managers increased to 42% from 38% at June 30, 2012, reflecting an increasing trend towards this product. Customized accounts and single managers are an important component of Investcorp's strategy to grow hedge fund assets under management.

At June 30, 2013, more than 90% of hedge fund assets under management were managed for a range of institutional clients including pension funds, insurance companies, endowments and foundations, and funds of hedge funds. This high level of institutional clients provides a more stable AUM base that tends to be sticky through market cycles.

DISCUSSION OF RESULTS

NET INCOME

Gross operating income includes fee income from client-centric activities and asset-based income from returns generated on balance sheet co-investments. Asset-based income also includes unrealized changes in fair value of corporate and real estate co-investments.

Gross operating income increased by 35% in FY13 to $361.8 million (FY12: $267.1 million). Fee income increased by 40% due to a significant increase in deal acquisition and placement activity. Aggregate asset-based income was up 4% year-on-year but remained low at $32.2 million, reflecting a mixed return profile across the three asset classes. Income from hedge fund co-investments rebounded strongly in FY13 but fair value gains in the corporate and real estate co-investment portfolios were muted.

Interest expense increased by 33%, reflecting the higher cost of new medium term debt facilities and the issuance of a new $250 million bond. Operating expenses increased by 25% to $188.0 million (FY12: $150.7 million) driven by increased staff compensation in line with improved profitability compared to last year.

Overall net income of $104.9 million is another solid performance against the back-drop of an uncertain but steadily improving economic outlook. Importantly, this result reflects a noticeable increase in investment activity and the demand from clients in the Gulf for alternative assets, supported by a steady flow of profitable realizations.

Basic earnings per ordinary share increased to $72 in FY13 compared to $10 in FY12.

Income ($m)	**FY13**	FY12	% Change B/(W)
Fee income	**329.5**	236.0	40%
Asset-based income	**32.2**	31.0	4%
Gross operating income	**361.8**	267.1	35%
Provisions for impairment	**(5.4)**	(1.1)	>(100%)
Interest expense	**(63.5)**	(47.8)	(33%)
Operating expenses	**(188.0)**	(150.7)	(25%)
Net income	**104.9**	67.4	56%
Basic earnings per ordinary share ($)	**72**	10	>100%
Fully diluted earnings per ordinary share ($)	**70**	10	>100%

FEE INCOME

Fee income has two components (i) AUM fees which includes management fees on aggregate client investments under management in corporate and real estate deals, as well as fees from client investments in hedge funds and (ii) Deal fees which are generated and earned from discrete activities related to each corporate or real estate investment, including at the initial acquisition, subsequent placement and eventual exit, plus performance fees for value-added during the ownership period.

Total fee income increased 40% to $329.5 million in FY13 (FY12: $236.0 million), primarily driven by a very strong increase in deal activity fees, which more than doubled to $193.4 million and represented 58.7% of total fee income. Total deal-by-deal placement increased to $749 million in FY13 from $347 million in FY12, which was the highest annual placement activity since FY08. Performance fee accruals were lower reflecting a lower rate of appreciation in the fair value of corporate and real estate investments in FY13 compared to FY12.

AUM fees were $88.8 million in FY13, slightly lower than FY12. Hedge fund fees increased by 14% to $35.5 million, reflecting both the positive hedge fund performance for clients and an increase in client assets under management. This was offset by a decline in other management fees to $53.3 million, as a result of lower corporate and real estate client assets under management reflecting the strong exit activity during the fiscal year and as a result of some closed-end funds reaching the end of their initial commitment period.

Summary of fees ($m)	FY13	FY12	% Change B/(W)
Hedge fund fees	35.5	31.0	14%
Other management fees	53.3	65.6	(19%)
AUM fees	88.8	96.7	(8%)
Activity fees	193.4	84.2	>100%
Performance fees	47.4	55.2	(14%)
Deal fees	240.7	139.4	73%
Fee income	329.5	236.0	40%

ASSET-BASED INCOME

Asset-based income is earned on Investcorp's corporate investment (CI), real estate investment (RE) and hedge fund (HF) co-investments held on the balance sheet, including invested liquidity. Asset-based income includes unrealized changes in fair value of corporate and real estate co-investments.

Gross asset-based income increased by 4% in FY13 to $32.2 million (FY12: $31.0 million). The overall mix of performance across each of the three asset classes this fiscal year was in contrast to FY12 highlighting the benefit of diversification within the balance sheet co-investment portfolio and the lower risk to asset-based earnings from lower return correlation.

Hedge fund returns were the driver of asset-based income in FY13, generating $25.3 million and reflecting a more positive macroeconomic environment for returns over the past 12 months compared to the negative impact of the European sovereign debt crisis in FY12. Specific downward valuation adjustments to a small number of older exposures within the corporate and real estate investments offset the generally positive valuation uplifts across most of the portfolio, resulting in a negligible contribution to asset-based income from these two asset classes.

Treasury and other asset-based income increased to $6.6 million reflecting higher levels of on-balance sheet cash liquidity arising from the draw-down of new medium term debt facilities and interest on working capital advances realized upon the exit of the underlying co-investments.

Asset-based income ($m)	FY13	FY12	% Change B/(W)
Corporate investment	0.3	59.8	(100%)
Hedge funds	25.3	(50.2)	>100%
Real estate investment	0.1	17.3	(99%)
Treasury and other asset-based income	6.6	4.2	58%
Gross asset-based income	32.2	31.0	4%

The tables below summarize the primary drivers of asset-based income for corporate investment, hedge funds and real estate investment:

CI asset-based income KPIs ($m)	FY13	FY12	% Change B/(W)
Asset-based income	0.3	59.8	(100%)
Average co-investments (excluding U/W)	1,061.5	1,074.6	(1%)
Absolute yield for period	0.0%	5.6%	(5.6%)

HF asset-based income KPIs ($m)	FY13	FY12	% Change B/(W)
Asset-based income	**25.3**	(50.2)	>100%
Average co-investments	**382.8**	599.7	(36%)
Non $ weighted returns*	**6.3%**	(8.5%)	14.9%

* Non $ weighted, levered returns on net balance sheet co-investment

RE asset-based income KPIs ($m)	FY13	FY12	% Change B/(W)
Asset-based income	**0.1**	17.3	(99%)
Average co-investments	**182.8**	217.4	(16%)
Absolute yield for period	**0.1%**	7.9%	(7.9%)

The table below shows the average balance sheet co-investment yield (absolute) for each of the last six half year periods, by asset class.

Asset yields	H1 FY11	H2 FY11	H1 FY12	H2 FY12	H1 FY13	H2 FY13
Corporate investment	3.6%	9.5%	6.1%	(0.5%)	**0.0%**	**0.0%**
Real estate investment	6.9%	13.1%	1.0%	6.8%	**(2.1%)**	**2.1%**
Hedge funds*	7.1%	(0.3%)	(9.6%)	1.2%	**1.7%**	**4.6%**
Average co-investment yield**	3.8%	4.9%	0.4%	0.9%	**0.3%**	**1.1%**

* Non $ weighted, levered returns on net balance sheet co-investment

** Includes treasury and other asset-based income

Corporate investment returns over the last three half-year periods have been flat, mainly as a result of continuing uncertainty around European economic growth prospects and a reduction in value of some older investments reflecting a contraction in industry multiples. Real estate asset-based returns over FY13 were also flat, primarily as a result of a decline in the fair value of certain legacy investments. The post-2009 real estate portfolio continues to perform well and is delivering targeted levels of on-going cash-on-cash rental yields.

Hedge funds continued to show a progressive improvement in performance in FY13 and reported a total return of 4.6%. The macroeconomic tail risks observed in the first half of calendar 2012 have been curtailed and hedge fund managers have been more confident to take on risk. As a result, return levels are rising across several strategies and the overall environment for hedge fund returns now appears more positive than at any time in the past several years.

INTEREST EXPENSE

Total interest expense increased by 33% to $63.5 million in FY13 from $47.8 million.

Average interest-bearing debt has decreased significantly over the last five years from $2,884 million in FY09 to $1,562 million in FY13, falling by 9.1% over the past 12 months. This reflects ongoing deleveraging through the repayment of medium and long term debt. This was more than offset in FY13 by an increase in funding cost associated with post-2009 financings, including the issuance of a $250 million public bond.

As a result, the average cost of funding increased to 4.1% in FY13 from 2.8% in FY12. Average Libor and Euribor base rates have remained unchanged over the last two fiscal years but average margins increased to 3.8% in FY13 from 2.5% in FY12. The average cost of funding also includes the impact of commitment fees paid on undrawn revolving facilities.

Interest expense ($m)	**FY13**	FY12	FY13 vs. FY12 H/(L)
Average short term interest-bearing liabilities	**521**	397	124
Average medium and long term interest-bearing liabilities	**1,041**	1,324	(283)
Average interest-bearing liabilities	**1,562**	1,721	(159)
Interest expense	**63.5**	47.8	15.7
Average cost of funding	**4.1%**	2.8%	1.3%

The table below breaks down the impact on interest expense from the two constituent components – volume and rate.

Interest expense variance ($m)	FY13 vs. FY12 H/(L)
Due to lower average interest-bearing debt	(4.4)
Due to increase in average cost of funding	20.1
Total variance	15.7

OPERATING EXPENSE

Operating expenses increased by 25% to $188.0 million in FY13 from $150.7 million in FY12 primarily due to increased staff compensation in line with higher net income. Staff compensation, which includes fixed and variable components, represented 55% (FY12: 48%) of total operating expenses. Other expenses, comprising professional fees, travel and business development, administration and infrastructure costs and non-compensation personnel costs such as training and recruitment increased by 9%. Total expenses, as a percentage of net revenues fell to 64% in FY13 from 69% in FY12.

Operating expenses ($m)	**FY13**	FY12	Change
Staff compensation	**102.8**	72.5	42%
Other personnel costs and charges	**17.8**	9.7	84%
Other operating expenses	**67.4**	68.6	(2%)
Total operating expenses	**188.0**	150.7	25%
Full time employees (FTEs) at end of period	**274**	304	(30)
Staff compensation per FTE ('000)	**375.1**	238.5	57%
Other operating expenses per FTE ('000)	**246.0**	225.6	9%
Total staff compensation/total operating expenses	**55%**	48%	7%
Operating expenses/Net revenue*	**64%**	69%	(5%)

*Net revenue represents net income before operating expenses

BALANCE SHEET

Key balance sheet metrics are shown in the table below.

Balance sheet metrics	**FY13**	FY12
Total assets	**$2.5 billion**	$2.7 billion
Financial leverage*	**1.3x**	1.6x
Liabilities/equity	**1.3x**	1.6x
Shareholders' book equity	**$1.1 billion**	$1.0 billion
Co-investments/long term capital	**0.9x**	1.1x
Capital adequacy ratio	**33.8%**	26.9%
Residual maturity – medium and long term facilities	**88 months**	81 months

*Adjusted for transitory balances

ASSETS

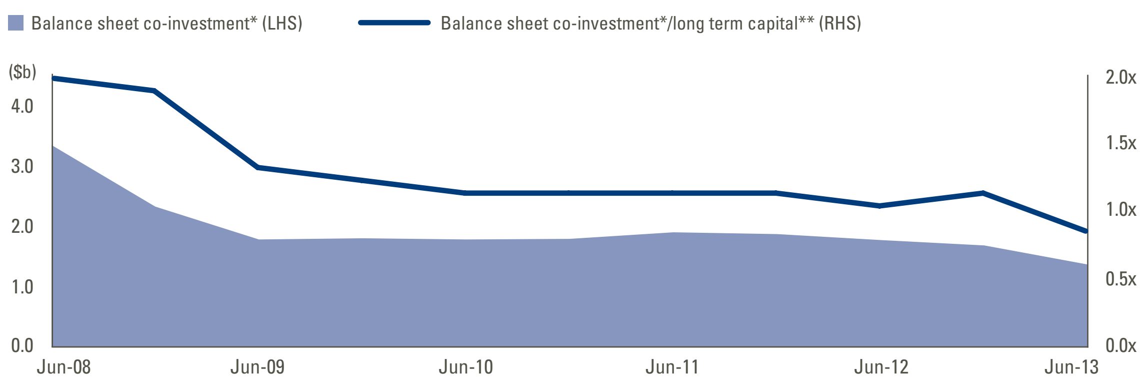
At June 30, 2013, total assets were $2.5 billion, which is a 10% reduction from the previous fiscal year end. This continues the trend towards a smaller balance sheet size that began in FY09. The aggregate size of the balance sheet has declined by approximately 50% over the last five years.

Assets ($m)	**FY13**	FY12	Change H/(L)
Cash and equivalents	**508**	348	160
Other liquid assets	**47**	3	44
HF co-investments	**316**	414	(98)
CI and RE co-investments (incl. underwriting)	**1,063**	1,376	(313)
Other (working capital and fixed assets)	**543**	609	(65)
Total assets	**2,477**	2,750	(272)
Co-investment assets	**1,379**	1,790	(411)

Total co-investment assets decreased by $411 million during the fiscal year. This reduction reflects further managed redemptions from hedge funds in order to gradually reduce balance sheet exposure, healthy portfolio exit activity and the full placement of new acquisitions.

At June 30, 2013, the aggregate level of co-investments excluding amounts underwritten and pending placement to clients was 0.9x the amount of long term capital (equity plus long term debt maturing in 2030 or later). As shown in the chart below, Investcorp has now reached its targeted ratio of 1.0x or lower, such that the entire balance sheet co-investment portfolio does not rely on medium-term debt financing and is entirely funded through very long term or permanent sources of capital.

Co-investments are funded entirely by a combination of long term and permanent sources of capital



* Excludes underwriting
** Long term capital consists of JPY 37 billion debt maturing in 2030, $50 million debt maturing in 2032 and total equity

LIQUIDITY

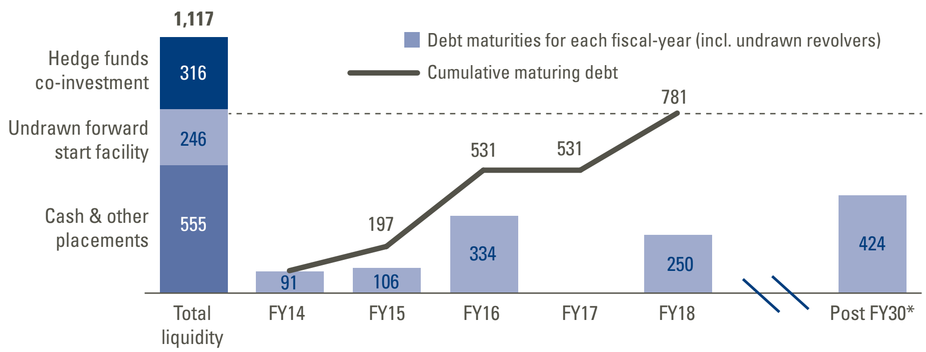
Total liquidity at June 30, 2013 was $1.1 billion, consisting of cash (50%), *undrawn committed revolvers* (22%) and *hedge fund co-investments* (28%).

Immediately accessible liquidity (cash plus undrawn committed facilities) was $0.8 billion (June 30, 2012: $0.6 billion) and fully covers all medium and long term debt maturing over the next five years, including the $529 million amortizing loan facility which has a final maturity in September 2015 and the $250 million public bond which falls due in November 2017.

Hedge fund co-investments continue to provide a structural tier of liquidity but are now a less significant component, given the substantial reduction over the last five years in both the aggregate level of balance sheet assets and the absolute amount of hedge fund co-investments. The monetization profile of Investcorp's $316 million hedge fund co-investments at June 30, 2013 was 68% in three months and 71% in six months.

Liquidity cover

($m)



*JPY 37 billion ($374 million at current exchange rates) debt maturing in 2030 and $50 million maturing in 2032

LIABILITIES

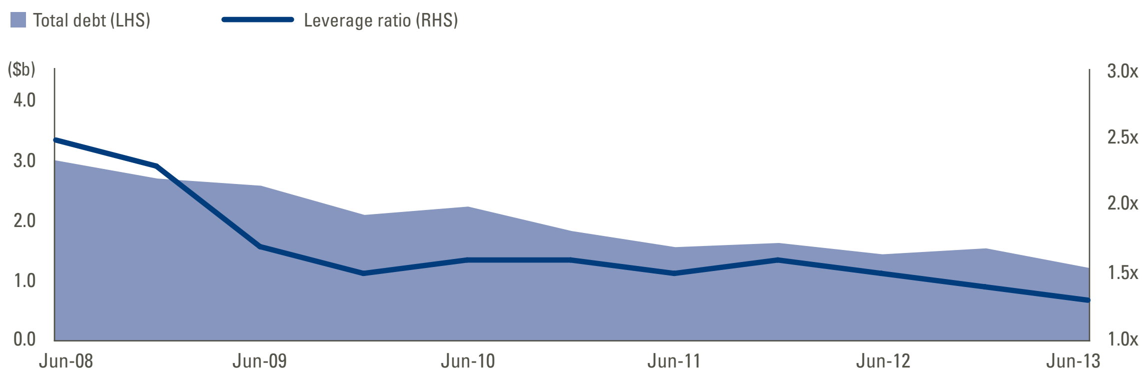
Total liabilities decreased by 17% during the fiscal year, to $1.4 billion at June 30, 2013 from $1.7 billion at June 30, 2012.

Liabilities ($m)	**FY13**	FY12	Change H/(L)
Client and other deposits	**230**	205	25
Medium term debt and deposits	**564**	529	35
Medium term revolvers – drawn	**7**	158	(151)
Long term debt	**419**	560	(141)
Other	**191**	254	(62)
Total liabilities	**1,411**	1,706	(295)

The $529 million forward start facility, closed with relationship banks in June 2012, became fully available for draw down in March 2013. Although the term loan component of the facility was fully drawn at that time, $79 million or 15% of the facility, which was the first amortizing repayment contractually due in September 2013, was prepaid early from surplus liquidity in June 2013. The next contractual repayment due under the facility is $10 million and will be paid in September 2013.

In October 2012, Investcorp successfully completed a $250 million bond issue in the public markets, adding further flexibility and duration to the Group's overall liquidity and funding profile. The bonds, which mature in November 2017, were issued by Investcorp S.A. and are guaranteed by Investcorp Bank B.S.C. The offering was placed with private banks (60%) and institutional investors (40%). Geographical distribution was well-diversified with 46% of investors from Europe, 27% from the Middle East, 15% from Asia and 12% from the United States. Proceeds from the issue were used to repay drawn revolving facilities and prepay term debt facilities that were due to mature in March 2013.

Financial leverage



Financial leverage, as defined and calculated for financial covenants in debt facilities, continued to decline in FY13 in line with Investcorp's medium term deleveraging objectives.

CREDIT RATINGS

In October 2012, Fitch Ratings affirmed Investcorp's credit rating at BB and moved the rating outlook to stable to reflect the successful completion of the $529.0 million loan facility in June 2012, which refinanced debt maturities due in March and April 2013 and dealt with the rating agencies' concern around debt laddering. The five-year public bond issued in November 2012, after Fitch had issued its outlook change should have provided further comfort that refinancing risk has been solidly addressed.

Moody's affirmed Investcorp's credit ratings at Ba2 in May 2013 and retained a negative outlook.

Both rating agencies continue to recognize Investcorp as a strong Gulf-based alternative investment franchise with adequate levels of capital and liquidity and an improved funding profile.

Agency	Rating grade	Comment
Moody's Investors Service	Ba2/Negative outlook	Rating and outlook confirmed in May 2013
Fitch Ratings	BB/Stable Outlook	Rating and outlook confirmed in Oct 2012

BOOK EQUITY

Net book equity at June 30, 2013 was $1.1 billion.

Equity ($m)	**FY13**	FY12	Change H/(L)
Ordinary shareholders' equity	**479**	453	26
Preference share capital	**511**	511	–
Proposed appropriations	**75**	66	9
Fair value and revaluation adjustments	**0**	13	(13)
Net book equity	**1,066**	1,044	23

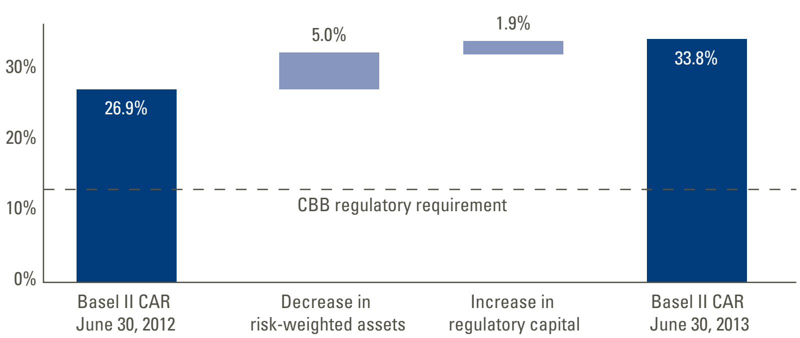
CAPITAL ADEQUACY

The capital adequacy ratio (CAR) at June 30, 2013 increased to 33.8% (June 30, 2012: 26.9%), reflecting both a decrease in risk-weighted assets and an increase in regulatory capital. The CAR level, based on Basel II standards, is comfortably in excess of the Central Bank of Bahrain's (CBB) regulatory minimum requirement of 12%.

Investcorp continues to monitor the impact of Basel III on both its regulatory capital and its liquidity position. The CBB recently issued its Basel III implementation plan, retaining the existing minimum CAR levels but noted future changes to the definition of capital, details of which are scheduled to be introduced later this year. Pro-forma Basel III reporting to the CBB on a quarterly basis commenced in December 2012 and will continue for two years to December 2014. From that date there will be a phased introduction of the liquidity coverage ratio (starting with a 60% requirement) and a phasing out, over ten years, of capital instruments that no longer qualify as non-core Tier 1 capital.

Based on the CBB's timetable and current reporting obligations, Investcorp expects that the implementation of Basel III will be readily manageable.

Regulatory capital adequacy ratio (CAR)



SHAREHOLDER BASE

At June 30, 2013, Investcorp remains a management controlled company, with management, in concert with strategic shareholders, controlling the voting of 76.9% of Investcorp's ordinary shares. The public float of 23.1% is split between owners holding 22.8% in ordinary shares on the Bahrain Bourse, and 0.3% of beneficial ownership through unlisted GDRs.

Please refer to the table in Note 1.A. (iii) of the Consolidated Financial Statements of Investcorp Bank B.S.C., for further details of the ownership structure.

DISCUSSION OF RESULTS – BUSINESS SEGMENTAL ANALYSIS

NET INCOME BY OPERATING SEGMENT

Investcorp's activities are classified into two primary operating segments: a fee business and a co-investment business.

The fee business earns income generated from transactional activity and management of client AUM. The co-investment business earns asset-based income on the Bank's co-investments in corporate and real estate investments and hedge funds. Treasury and other asset-based income are allocated to the fee business.

This classification reflects a commonly used approach for a hybrid firm such as Investcorp, where the business can be considered a combination of fee income and investment income generating components, essentially the combination of an asset management business and a principal investment business. As the fee and co-investment businesses are clearly distinct, separate financial disclosure of the two segments should enhance stakeholders' understanding of Investcorp's business model. This is especially important as the fee business has continued to evolve as the dominant contributor to Investcorp's overall financial performance.

A portion of the operating expenses for the co-investment business are allocated on an ex-ante basis using a fixed rate charged on the aggregate balance sheet co-investments at the beginning of the year. There is also a performance-based component of operating expenses for the co-investment business that is linked to a share of net profits from the business. All residual operating expenses are allocated to the fee business.

Interest expense is allocated between the two operating segments based on the average balances of interest bearing liabilities utilized by each segment for its operations.

NET INCOME FROM FEE BUSINESS

A detailed analysis of the net income for the fee business is shown in the table below:

Net income: fee business ($m)	**FY13**	FY12	% Change B/(W)
AUM fees	**88.8**	96.7	(8%)
Deal fees	**240.7**	139.4	73%
Treasury and other asset-based income	**6.6**	4.2	58%
Gross revenue from fee business	**336.1**	240.2	40%
Provisions for impairment	**(5.4)**	(1.1)	>(100%)
Interest expense	**(31.8)**	(17.9)	(78%)
Net revenue from fee business	**298.9**	221.2	35%
Operating expense	**(175.8)**	(136.8)	(28%)
Net income from fee business	**123.2**	84.4	46%

The gross revenue from the fee business was $336.1 million, increasing by 40% from $240.2 million in FY12. The key driver of this increase was activity fees from new acquisitions and placement more than doubling year-on-year. The interest expense incurred on short term and medium term liabilities funding the fee business increased by 78% to $31.8 million due to higher cost on the progressive draw-down of new medium term debt, which was refinancing maturing medium term debt. Operating expenses associated with supporting the significant level of deal activity in FY13 increased by 28%.

Net income from the Group's fee business showed a very strong performance, rising by 46% in FY13 to $123.2 million from $84.4 million in FY12.

NET INCOME FROM CO-INVESTMENT BUSINESS

A detailed analysis of the net income for the co-investment business is shown in the table below:

Net income: co-investment business ($m)	**FY13**	FY12	% Change B/(W)
Asset-based income from hedge funds co-investments	**25.3**	(50.2)	>100%
Asset-based income from corporate co-investments	**0.3**	59.8	(100%)
Asset-based income from real estate co-investments	**0.1**	17.3	(99%)
Gross revenue from co-investment business	**25.7**	26.9	(4%)
Interest expense	**(31.7)**	(29.9)	(6%)
Net revenue from co-investment business	**(6.0)**	(3.0)	(98%)
Operating expense	**(12.2)**	(13.9)	12%
Net loss from co-investment business	**(18.3)**	(17.0)	(8%)

The gross revenue from the co-investment business decreased slightly to $25.7 million from $26.9 million in FY12.

Interest expense remained relatively flat. An increase in the funding cost was offset by an 18% decrease in the average level of balance sheet co-investments. The decrease in co-investment levels is part of a medium term deleveraging plan for the co-investment business which included planned redemptions from hedge funds and a gradual reduction in corporate and real estate co-investments from successful realizations and lower initial co-investments in new deals compared to the past.

Operating expenses, allocated on the basis of co-investments at the beginning of the fiscal year, decreased by 12% to $12.2 million, in line with the reduced co-investment balances.

The net loss for the Group's co-investment business increased to $18.3 million in FY13 from $17.0 million in FY12.

BALANCE SHEET BY OPERATING SEGMENT

The following methodology has been used for allocating assets, liabilities and equity to each of the fee and co-investment business segments:

Assets: All co-investments and related receivables, excluding underwriting, are allocated to the co-investment business. All other assets, including cash in transit associated with redemptions from hedge funds and realizations of corporate and real estate co-investments and associated advances are allocated to the fee business.

Liabilities: All long term debt and a proportion of drawn medium term debt, including secured loans, are allocated to the co-investment business. Client deposits, short term and the residual amount of medium term debt are allocated to the fee business.

Equity: Total equity allocated to the fee business is determined by the amount of economic capital needed to support ongoing underwriting activity and associated working capital requirements. The equity allocated to the fee business is made up of equal amounts of ordinary and preference share capital. The remaining amount of total equity is allocated to the co-investment business. Revaluation reserves and other components of equity are allocated to the relevant business segment on the basis of the asset or liability to which they relate.

At the beginning of each fiscal year, the amount of equity required for the fee business is re-assessed based on the next 12 months planned investment and placement activity. As a result, any excess or shortfall in the assessed equity for the fee business will be moved either to, or from, the co-investment business.

As at June 30, 2013, the segmental balance sheets for the fee business and the co-investment business are shown in the table below:

	Fee business		Co-investment business		Total	
Balance sheet ($m)	**FY13**	FY12	**FY13**	FY12	**FY13**	FY12
Cash and other liquid assets	**555.0**	350.8	**–**	–	**555.0**	350.8
Loans and receivables	**412.8**	423.7	**17.2**	49.5	**430.0**	473.2
Co-investments (HF, CI, RE)	**–**	–	**1,345.9**	1,632.5	**1,345.9**	1,632.5
Underwriting	**33.0**	157.8	**–**	–	**33.0**	157.8
Other assets	**113.5**	135.3	**–**	–	**113.5**	135.3
Total assets	**1,114.3**	1,067.7	**1,363.0**	1,682.0	**2,477.3**	2,749.7
Client and other deposits	**229.9**	205.4	**–**	–	**229.9**	205.4
Medium term debt and deposits	**528.3**	431.3	**42.4**	255.2	**570.7**	686.5
Long term debt	**–**	–	**419.1**	560.5	**419.1**	560.5
Other liabilities	**166.0**	243.5	**25.3**	10.1	**191.3**	253.6
Total liabilities	**924.2**	880.2	**486.8**	825.8	**1,411.0**	1,705.9
Preference shares	**85.0**	85.0	**426.5**	426.5	**511.5**	511.5
Ordinary share capital	**85.0**	85.0	**394.3**	368.0	**479.3**	453.0
Proposed appropriations and other equity	**20.0**	17.5	**55.6**	61.8	**75.5**	79.3
Total equity	**190.0**	187.5	**876.4**	856.2	**1,066.3**	1,043.7
Total liabilities and equity	**1,114.3**	1,067.7	**1,363.1**	1,682.0	**2,477.4**	2,749.7

The most significant movement in the segmental balance sheets arises from the decrease in co-investment assets held by the co-investment business, which has led to a marked reduction in leverage. As at June 30, 2013 total equity and long term debt in the co-investment business was $1,295 million, which now substantially covers the total amount of co-investments.

CORPORATE INVESTMENTS PORTFOLIO REVIEW

NORTH AMERICA

As of June 30, 2013, Investcorp's aggregate balance sheet co-investment in North America was $345.0 million across 18 companies.

Date of investment: November 2012

Industry sector: Technology – IT services

Headquarters: Kansas, USA

www.fishnetsecurity.com

FISHNET SECURITY

Headquartered in Kansas and founded in 1996, FishNet is the largest pure-play IT security solutions provider in North America. The company is exclusively focused on providing best-of-breed IT security solutions and services to more than 3,100 customers, which include large enterprises, government entities, and small and medium sized businesses. FishNet combines long term relationships with over 100 technology vendors and extensive professional services capabilities to deliver a comprehensive suite of security solutions, including more than 60 security services that address complex, ever-evolving IT security threats.

Investcorp believes that FishNet is well positioned to take full advantage of the forecasted growth within the IT security market both domestically and internationally via organic and inorganic growth.

Date of investment: July 2012

Industry sector: Industrial services

Headquarters: Minnesota, USA

www.archway.com

ARCHWAY

Archway is North America's only scale player in the highly fragmented, $2.2 billion outsourced marketing fulfillment industry with 24 locations across 13 metropolitan areas in the US. The company offers three core services; distribution/fulfillment of not-for-sale marketing materials (65% of revenues), transportation management services (23%) and materials management services (12%).

Archway's customers (such as Target, AT&T, Pepsi and Pfizer) are diverse and blue chip, and span ten different end markets including retail, consumer products, technology and communications, food and beverage, fast food restaurants, pharmaceutical, and prepaid cards.

THE ART & SOUL OF COOKING

Date of investment: July 2011

Industry sector: Consumer products

Headquarters: Seattle, USA

www.surlatable.com

SUR LA TABLE

Sur La Table is a specialty retailer of culinary merchandise and a leading provider of non-degree culinary courses in North America. Offering a broad selection of the best culinary brands and an assortment of innovative kitchenware products, Sur La Table currently operates over 100 stores across the US with a widely distributed catalog and a premium online platform. The company provides items for cooking and entertaining and has a knowledgeable staff that provides high level service in its stores. Since acquisition, Sur La Table has almost doubled the amount of cooking class locations, offering classes in 42 stores serving well over 100,000 customers annually.

Sur La Table has built a multi-channel business in which each channel is profitable on a standalone basis. Plans for growth include the addition of stores in existing and new markets; the expansion of the direct sales channel; continuing to grow the gift registry; continuing refinement of the operating model as the company leverages its established infrastructure; driving same-store sales; and expansion of the ever-evolving culinaryprogram.

Date of investment: March 2011

Industry sector: Digital content

Headquarters: Denver, USA

www.t3media.com

T3 MEDIA

T3 Media (formerly Thought Equity Motion) is a leading provider of cloud-based video management services to premium video content rights holders. The company operates through two primary lines of business, Licensing and Platform Services. In the Licensing business, T3 Media represents major video content rights owners and employs an active sales force to license footage in exchange for a percentage of the royalty payments received. In the Platform Services business, T3 Media ingests, digitizes and hosts video content on behalf of content rights owners. T3 Media provides content rights owners with virtual access and distribution capabilities in exchange for an annual subscription fee. The two business lines are complimentary with many customers utilizing both offerings.

Date of investment: March 2010

Industry sector: Enterprise software

Headquarters: Colorado, USA

www.opsecsecurity.com

OPSEC

OpSec Security Group is the global leader in providing anti-counterfeiting technologies, as well as solutions and services for physical and online brand protection, to over 300 brand owners and over 50 governments worldwide.

The company operates manufacturing facilities and laboratories in the US and the UK, and has sales operations in the Americas, Europe and Asia.

VERITEXT

Date of investment: July 2010

Industry sector: Business services

Headquarters: New Jersey, USA

www.veritext.com

Veritext is a leading national provider of deposition and litigation support services to law firms, Fortune 500 corporations and regulatory agencies in the US. It operates in the legal services industry via 30 locations across six geographic regions in the largest legal markets in the country. The company's core product is the conversion of a witness or expert's spoken testimony under oath into a certified written transcript. The company also provides other value-added services that capture additional information during the deposition and allow clients to manage the information more efficiently.

Since acquisition, Investcorp has assembled a strong and talented management team with significant experience within the depositions services space and Veritext has made several add-on investments. The most recent add-on investment, Sarnoff Court Reporters, a traditional court reporting firm focused on high-end litigation, has proven to be a very successful acquisition, positioning Veritext as the number one competitor in its industry's two largest markets of New York and California.

CSIDENTITY

Date of investment: December 2009

Industry sector: Wireless data

Headquarters: Austin, USA

www.csidentity.com

CSIdentity is the technology leader in providing identity theft and fraud protection services to businesses and consumers. Founded in 2005, the company offers a comprehensive suite of business and personal security solutions targeting all aspects of identity theft.

CSIdentity's solutions are used by Fortune 100 financial institutions, public pension funds, telecommunications companies and businesses that offer direct-to-consumer identity theft protection services.

FLEETMATICS

Date of investment: July 2008

Industry sector: Wireless data

Headquarters: Massachusetts, USA & Dublin, Ireland

www.fleetmatics.com

Fleetmatics is a leading global provider of fleet management solutions for commercial fleet vehicles. The company is one of the fastest growing providers of Software-as-a-Service telematics solutions to small and medium-sized businesses. Leveraging a hosted application and GPS technology, Fleetmatics allows business owners to reduce operating costs by tracking their vehicles' locations, saving on fuel costs and generating key business intelligence reports. The company is a market leader in the US, UK and Ireland.

Date of investment: February 2008

Industry sector: Industrial services

Headquarters: Alabama, USA

www.randallpub.com

RANDALL-REILLY

Randall-Reilly is a leading diversified business-to-business media and data company focused on the trucking, infrastructure-oriented construction and industrial end markets in the US. Its products include B2B trade publications, live events and trade shows, recruitment products and indoor advertising displays. In addition, its Equipment Data Associates (EDA) business is an industry-leading collector and aggregator of industrial equipment purchase data that provides subscription-based sales lead generation and market intelligence products to the industrial equipment markets.

Randall-Reilly's end markets continue to show signs of economic recovery as trucking and infrastructure related construction remain a central and necessary component to the US economy. There has been an increase in truck orders and freight, as well as significant driver turnover and an aging demographic of drivers. Consequently, the primary source of growth for the company has been Randall-Reilly's truck driver recruiting division as fleets continue to advertise aggressively to hire drivers. The American Trucking Associations indicates that the industry is short approximately 25,000 drivers, a number that could quickly increase if freight picks up in calendar year 2013.

Date of investment: August 2007

Industry sector: Consumer services – Distribution

Headquarters: Illinois, USA

www.berlinpackaging.com

BERLIN PACKAGING

Founded in 1898, Berlin Packaging (Berlin) is a leading supplier of custom and stock rigid packaging and related solutions to large and small customers nationwide in end markets such as food and beverage, household/personal care, healthcare, and chemicals. Berlin distributes these products through a nationwide network of over 90 supply centers and sales offices across the US. The company complements its product offering with a suite of value-added services such as packaging design, transportation/logistics, global sourcing, financial services and supply chain management.

In February 2010, Berlin acquired All-Pak, Inc. (All-Pak), a Pennsylvania-based supplier of rigid packaging solutions, hazardous materials packaging and laboratory packaging supplies primarily in the Northeast United States. All-Pak's packaging solutions service the food and beverage, household product, pharmaceutical, chemical, laboratory and hazardous materials packaging end markets.

In April 2013, Investcorp completed a dividend recapitalization of Berlin Packaging, in partnership with Berlin's founders and management team. Proceeds from a new $610 million credit facility were used to refinance debt and make a distribution to shareholders and existing management, who continue to retain their existing equity stakes in the company.

DIALOGIC

Date of investment: September 2006

Industry sector: Enterprise software

Headquarters: California, USA

www.dialogic.com

Dialogic provides open media processing hardware and software that enable developers and system integrators to deliver applications for voice, speech, conferencing, VoIP, fax and IP-based solutions.

Dialogic offers a broad product line that addresses customer needs across legacy Time-Division Multiplexing (TDM), hybrid and next-generation IP-only solutions and sells to an extensive network of channel partners, independent software vendors, telcos, service providers and Original Equipment Manufacturers (OEMs). In October 2010, Dialogic merged with Veraz Networks and is now publicly traded on the Nasdaq.

KGB

Date of investment: April 2006

Industry sector: Enterprise software

Headquarters: New York, USA

www.kgb.com

kgb (formerly InfoNXX) is the world's largest independent provider of directory assistance and enhanced information services. kgb delivers solutions to wireless and landline carriers, corporations and educational institutions in North America, handling the majority of the '411' calls in the US that are delivered through a mobile phone.

Furthermore, in the UK, 'The Number' 118 has become Britain's leading directory assistance service for consumers and businesses. The company also has operations in France, Germany, Ireland, Switzerland, Austria and Italy. In 2009, kgb launched 542542 (kgbkgb), the premier text answer service in the US. Investcorp Technology Partners' investment in kgb is the result of a buyout of Conduit which was merged into InfoNXX in April 2006.

MAGNUM

Date of investment: June 2005

Industry sector: Digital content

Headquarters: California, USA

www.magnumsemi.com

Magnum Semiconductor provides solutions combining Systems-on-Chips (SoCs) and software to control DVD recorders. Investcorp created Magnum for the purposes of acquiring Cirrus Logic's DVD recorder chip assets. The spin-out allows Cirrus Logic to focus on its core mixed signal business and Magnum to leverage its market leadership as an independent pure-play provider. In addition to DVD recorder chips, Magnum Semiconductor also provides sophisticated software that controls recorder functions, administers Digital Rights Management protection and operates the user interface.

SOURCEMEDIA

Date of investment: November 2004

Industry sector: Industrial services – Printing and Publishing

Headquarters: New York, USA

www.sourcemedia.com

SourceMedia is a leading business-to-business provider of multimedia information to professionals in the banking, financial services and related technology markets. It has a distinguished portfolio of products, including some of the longest-running titles in American business publishing, such as American Banker, The Bond Buyer, and Financial Planning. SourceMedia also offers subscription data, software tools, directories, conferences and trade shows.

In November 2004, Investcorp acquired Accuity along with SourceMedia from The Thomson Corporation and subsequently spun off Accuity to become a stand-alone business. In November 2011, Investcorp agreed to sell Accuity to Reed Elsevier for an enterprise value of $530 million. As part of this transaction, SourceMedia was able to sever all remaining ties with Accuity and refinance the company's existing credit facility while maintaining appropriate financial flexibility.

SourceMedia has continued to shift from traditional advertising-based print publishing to a community and content-focused enterprise which will deliver products to its customers in both print and electronic formats. While SourceMedia's market position and brand awareness remain strong, the company will continue to transition to and accelerate the subscription side of the business and prioritize digital product development. SourceMedia's print market share has remained stable and the company is on schedule to achieve its 'cross-over' point this year – when digital revenues will be greater than print revenues.

ATRENTA

Date of investment: June 2004

Industry sector: Enterprise software

Headquarters: Texas, USA

www.atrenta.com

Atrenta is a provider of Electronic Design Automation (EDA) software, supplying software tools used by the semiconductor industry for the verification of the design of integrated circuits.

Atrenta offers a predictive approach to chip design by delivering automated analysis and verification solutions that find complex design problems and address downstream implementation and verification issues early in the design cycle.

WIRELESS TELECOM GROUP

Date of investment: March 2003

Industry sector: Wireless data

Headquarters: New Jersey, USA

www.wirelesstelecomgroup.com

Wireless Telecom Group, through its subsidiaries Noise Com, Boonton Electronics and Microlab/FXR, provides electronic testing and measurement equipment to satellite communications providers, radar systems manufacturers and network operators.

Willtek Communications provides terminal and air-interface test and measurement solutions to network operators, service providers, and manufacturers of mobile phones across the world. Willtek was formed in May 2002 through a management buyout of the Wireless Instruments Operations of Acterna Corp. Wireless Telecom Group and Willtek merged in June 2005 and Investcorp is the largest shareholder in the combined entity.

GENBAND

Date of investment: December 2002

Industry sector: Communications infrastructure

Headquarters: Texas, USA

www.genband.com

GENBAND is a leading provider of telecom infrastructure equipment enabling converged services to more than 100 telecom, cable and wireless service providers. The company's products allows service providers to maximize the value of their legacy infrastructure while seamlessly migrating to next-generation, multimedia services.

GENBAND has the number one market share in North America in the mid-sized media gateway market and the number two position worldwide. Investcorp Technology Partners originally invested in BayPackets, a provider of application software to communications service providers, in December 2002. BayPackets was subsequently merged with GENBAND in August 2006.

TELEPACIFIC

Date of investment: April 2000

Industry sector: Telecom

Headquarters: California, USA

www.telepacific.com

TelePacific is a facility based Competitive Local Exchange Carrier headquartered in Los Angeles. In business since 1998, the Company provides services on TelePacific owned switches and network infrastructure, including local and long distance voice, dedicated internet access, private networking, and data transport services as well as bundled voice and internet solutions.

In calendar 2011, TelePacific closed on three add-on acquisitions broadening its product options, building scale and reducing its cost structure. Since its acquisition of TelWest, the company has continued its growth plan for the Texas business through implementation of its product suite and operating practices. TelePacific also has reduced its industry-leading customer churn rates through superior customer care initiatives and maintained strong profit margins.

TelePacific is currently operating in a negative environment. Investcorp is working with TelePacific's management team on improving the company's performance in an effort to minimize the impact of the current prevailing negative environment.

EUROPE

As of 30 June 2013, Investcorp's aggregate balance sheet co-investment in Europe was $414.0 million across 14 companies.

hydrasun

Date of investment: March 2013

Industry sector: Industrial services – Ancillary support services

Headquarters: Aberdeen, Scotland

www.hydrasun.com

HYDRASUN

Founded in 1976 in Aberdeen, Scotland, Hydrasun has international operational bases in the United Kingdom, the Middle East, the Netherlands, the Caspian Sea, Brazil, West Africa and the Gulf Coast of the United States.

Hydrasun is engaged in the integration, manufacture and testing of hydraulic equipment and fluid connectors for the offshore oil and gas sector. Its products and services are mainly used across the offshore oil and gas sector with further application in the petrochemical sector.

The company employs approximately 600 personnel and has state-of-the-art engineering, production, manufacturing, training and warehousing facilities. Clients include British Petroleum, General Electric, Petrobas and Transocean.

GEORG JENSEN

Date of investment: November 2012

Industry sector: Consumer products – Retail

Headquarters: Copenhagen, Denmark

www.georgjensen.com

GEORG JENSEN

Georg Jensen designs, hand-manufactures and sells exclusive products ranging from high-end silverware to jewelry, watches and high-end homeware. The company, headquartered in Copenhagen, Denmark, and founded in 1904, has expanded internationally and now derives the majority of its revenue outside of Scandinavia. The Asia Pacific region currently accounts for most of Georg Jensen's 97 retail store portfolio and over 40% of its sales.

Investcorp has partnered with David Chu one of the most successful and respected luxury entrepreneurs in the industry, who founded Nautica and helped develop Tumi to global success. As Georg Jensen's Chief Creative Officer and Co-Chairman, he is expected to play a key role in executing Investcorp's Asian-focused growth strategy as well as driving new product designs across the business.

The outlook for luxury goods is positive and forecasted to grow by approximately 10% per year, driven by demand from emerging markets.

esmalglass·itaca grupo

Date of investment: July 2012

Industry sector: Industrial products

Headquarters: Villarreal, Spain

www.esmalglass-itaca.com

ESMALGLASS

Esmalglass is one of five global producers serving the global ceramics intermediate products industry. Established in 1978 in Villarreal, Spain, Esmalglass produces ceramic glazes, ceramic colors and inkjet inks (an innovative and rapidly growing technology to decorate tile surfaces).

The company has a strong market position in all segments of its target markets and services more than 450 customers in 69 countries worldwide. The company generates more than half of its sales from emerging market economies including Brazil (25% of 2011 sales), the Middle East (10% of 2011 sales) and China (5% of 2011 sales). Its global activities are supported by three manufacturing plants in Spain and Brazil and mixing plants in Portugal, Italy, Russia and Indonesia.

Date of investment: March 2012

Industry sector: Industrial services – Education

Headquarters: London, UK

www.gl-education.com

GL EDUCATION

Founded in 1981, GL Education is the leading UK provider of non-regulated pupil and school assessment solutions for primary and secondary schools. Headquartered in London, the company provides assessment products and services used by teachers to measure students' core abilities. The group comprises two business units, GL Assessment and GL Performance, which together deliver to more than 15,000 schools the tools they require to raise standards in children's education.

Date of investment: November 2008

Industry sector: Industrial products

Headquarters: Valbrembo, Italy

www.nwglobalvending.com

N&W

Headquartered in Valbrembo, Italy, N&W is the leading manufacturer of food and beverage vending machines used for selling items for immediate consumption. N&W is the market leader and only pan-European manufacturer offering a full suite of products in a market otherwise composed of smaller, regional players. The Company manufactures (i) Hot & Cold vending machines that automatically prepare coffee, hot chocolate, tea and other drinks, (ii) Snack & Food vending machines, (iii) Can & Bottle vending machines, as well as (iv) fully-automatic coffee machines for hotels, restaurants and cafeterias, and (v) coffee machines for use in offices.

N&W employs approximately 2,000 people and operates four state-of-the-art production facilities located in Italy, Denmark and China.

The next phase of N&W's Project Efrem (Efficiency Recovery Measures) is ready for implementation. Project Efrem is expected to drive further operational efficiency measures such as pricing optimization, product range rationalization and increased low cost country sourcing for pre-assembly activities as well as reinforcing international management to support the international growth strategy.

CEME

Date of investment: July 2008

Industry sector: Industrial products

Headquarters: Milan, Italy

www.ceme.com

CEME is a leading manufacturer of fluid control components for household and industrial appliances such as espresso machines, steam ironing systems and gas boilers. Its main clients are well-established European manufacturers, but it is currently diversifying its customer base by expanding its distribution network in China, the Far East and North America.

In August 2012, CEME acquired a small supplier, Maflex, for €1 million. Maflex performs the automated insertion of electrical components into the bobbins used in the manufacturing of CEME's oscillating piston pumps for coffee machines. This acquisition has given CEME increased control over all the steps required for the manufacture of these pumps.

The company expects medium-term growth trends in its end markets to remain strong, as espresso and pad-filter machines take share from traditional filter coffee machines, and steam generators take share from traditional irons.

SOPHOS

Date of investment: June 2008

Industry sector: Technology

Headquarters: Abingdon, UK

www.sophos.com

Sophos is a leading international provider of endpoint security and network access control solutions. Through an integrated architecture, its security solutions protect against intrusion and malicious software. Sophos' endpoint security solution provides a single set of policies to support a variety of operating systems, such as Windows, MAC OS, and Linux.

Furthermore, Sophos has a network access control solution which extends its platform to the enforcement of security policies and aims to restrict network access to endpoints that comply with pre-defined IT policies. The company focuses on serving the enterprise market. With the acquisition of Astaro in July 2011, Sophos has extended its offering and significantly enhanced its capabilities in the complementary network security market.

ASIAKASTIETO

Date of investment: May 2008

Industry sector: Industrial services

Headquarters: Helsinki, Finland

www.asiakastieto.fi/en

Asiakastieto is the leader in the Finnish credit information market and is the dominant personal credit information database owner with approximately 74% market share. Customers include financial institutions, telecom operators, consumer credit companies, wholesalers, retailers and debt collection agencies.

Asiakastieto's new CEO, who was appointed in 2012, is pursuing a robust business development strategy based on leveraging its leading market position and its well established customer relationships to drive growth across its core risk management and credit information services markets.

ICOPAL

Date of investment: July 2007

Industry sector: Industrial products

Headquarters: Herlev, Denmark

www.icopal.com

Established in 1876 as a manufacturer of roofing material, Icopal is today the world's leading producer of roofing and waterproofing membranes and the market leader in the Nordic countries in the area of roof installation services. The Company's product portfolio also includes construction materials for the protection of buildings and other structures. Icopal's products are primarily used for non-residential construction applications across Europe, with an increasing focus on the higher growth markets of Central and Eastern Europe.

Icopal currently has 30 manufacturing sites and 84 offices throughout Europe and North America and employs approximately 4,000 people.

AUTODISTRIBUTION

Date of investment: March 2006

Industry sector: Distribution

Headquarters: Paris, France

www.autodistribution.com

Autodistribution is the leading independent distributor of auto and truck spare parts in France, and is the largest independent auto parts distributor in Europe. The company consists of 116 distributors, more than 350 suppliers, more than 160,000 square meters of storage space and more than 1,000,000 parts distributed by 509 sales outlets.

Management continues to focus on implementing a profit improvement plan, defined in early 2010, targeting €30 million of cumulative improvements by the end of calendar 2013. Initiatives include rationalization of the regional organization, turnaround of the loss making subsidiaries, productivity improvements, reengineering the cost structure, improvements in transportation and logistics costs and gross margin increases.

POLYCONCEPT

Date of investment: June 2005

Industry sector: Consumer products

Headquarters: Amsterdam, Netherlands

www.polyconcept.com

Polyconcept is the world's largest supplier of promotional products, created by the combination of Polyconcept, Europe's leading generalist supplier of wearable and non-wearable promotional products, and Global Promo Group Inc., the number two non-wearable promotional product supplier in the US.

In April 2011, Polyconcept North America acquired Trimark Sportswear Group a leading Canadian apparel supplier, marking the fourth acquisition since Polyconcept's acquisition in 2005 and its first move into the promotional apparel category. With the addition of Trimark, Polyconcept became Canada's largest supplier of both apparel and hard promotional goods under four industry leading brands (Leed's, Bullet Line, JournalBooks, and Trimark).

The company has successfully completed the succession of a new CEO and CFO and as the company becomes increasingly North American centric, CEO Michael Bernstein has relocated to new headquarters in Pittsburgh, PA. Overall, Polyconcept benefits from leading market positions in Europe and the US and a strong liquidity position.

In June 2013, Polyconcept raised $520 million via a multi-loan facility which refinanced debt maturing in 2014, removing certain restrictions within the old loans which had given Polyconcept very little financial flexibility to invest in and grow the business.

EVIIVO

Date of investment: March 2011

Industry sector: Enterprise software

Headquarters: London, UK

www.eviivo.com

eviivo is the UK's leading software provider for small and medium-sized accommodation businesses to manage their online and offline bookings, allocate rooms, allow for flexible pricing, invoice and process payments.

With over 5,500 customers, eviivo's portfolio covers the breadth of the UK market and includes B&Bs, guest accommodation, inns, farmhouses, cottages, restaurants with rooms and smaller boutique hotels.

TDX GROUP

Date of investment: December 2008

Industry sector: Enterprise software

Headquarters: Nottingham, UK

www.tdxgroup.co.uk

TDX is a leading provider of credit risk management solutions. In the UK, TDX sells over 40% of all defaulted consumer debt and manages debt portfolios for leading financial services companies, utility providers and debt portfolio owners.

Its intermediary position provides the company with access to a wide range of information on debt sale, debt purchase, Individual Voluntary Agreements (IVAs) and recoveries strategy and performance. Through sophisticated analysis of this information TDX is enabling creditors and debt portfolio owners to improve returns on their semi and non-performing assets. TDX has worked on behalf of all of the major banks in the UK, several major utility companies and a number of other financial services companies.

Date of investment: March 2007

Industry sector: Digital content

Headquarters: London, UK

www.skrill.com

SKRILL

Skrill (formerly Moneybookers) is a leading independent online payments and Digital Wallet service, regulated by the Financial Conduct Authority of the United Kingdom.

Skrill is available in 200 countries and territories, offering 100 local payment options and 40 currencies. 30 million account holders and 135,000 merchants already choose Skrill to pay and get paid globally.