

### Message to Shareholders

We are pleased to report that it has been a strong year for Investcorp, with our profit for the year growing by 34% to \$120.3 million. This year has also seen Investcorp double in size in terms of assets under management (AuM), which now stand at \$21.3 billion, as well as making record levels of distributions to Investcorp and its clients, which totaled \$3.4 billion for the year. The fact that all this was achieved against a challenging macroeconomic and political backdrop is testament to the dedication, focus, and skill of the great people we have working at Investcorp.

The new growth strategy we unveiled in 2015 continued to guide Investcorp and our activities over the course of the year. The strategic decision to strengthen Investcorp's placement team, which has been reinforced with 10 new members over the last two years, is already delivering positive results, with the Firm achieving its highest ever volume of deal-by-deal placement in the Gulf, totaling \$1.1 billion. In parallel, we have also been actively working towards diversifying Investcorp's investor base geographically and by asset class, which resulted in the Firm raising \$4.1 billion across the platform from its broad range of clients in the Gulf and from a deep pool of institutional investors in the US, Europe and Asia. We believe this diversification will put Investcorp on a stronger footing as we grow around the world and into new asset classes, ultimately allowing us to better serve the needs of our clients anywhere in the world.

Significant progress has been made towards achieving the targets set out in our ambitious growth strategy. In March 2017, Investcorp completed its acquisition of 3i Debt Management, which was subsequently rebranded as Investcorp Credit Management (ICM). ICM became Investcorp's fourth line of business immediately adding \$10.8 billion to the Firm's AuM and made significant incremental contributions to the Group's gross operating income.

In Europe, we established Investcorp's first fully-fledged Real Estate team, which has already completed two deals in the United Kingdom. By combining our 20 years of experience of investing in US real estate with our 30 years

of investing in Europe, we are confident that we can bring a new perspective to investing in European real estate, which we expect will resonate particularly well with our investor base in the Gulf. These developments were all received warmly by the market as can be seen in our deal by deal Real Estate placement in the Gulf reaching a record level of \$518 million in FY17.

In other FY17 strategic developments, Investcorp successfully launched its fourth Technology Fund, which reached \$215 million in investor commitments at the end of the fiscal year. Building on the strong performance of our first three Technology Funds, the fourth Technology Fund is cementing Investcorp's status as a leading technology investor. We have already made two investments through the Fund and expect the momentum to continue into FY18.

Overall, Investcorp is in a very healthy condition, with a strong balance sheet and deep liquidity pool. This ensures we are well positioned to take advantage of both inorganic and organic growth opportunities as they arise.

### Performance

We began this letter by highlighting the 34% growth in profit for the year over the previous year. Looking a little closer at the numbers, gross operating income was 10% higher at \$421.7 million (FY16: \$383.5 million), reflecting the strong performance of the Firm's core operations.

Fee income during the period was \$316.5 million (FY16: \$307.5 million), while asset-based income was \$105.2 million (FY16: \$76.0 million), driven by increased recurring fees and strong performance of the co-investment portfolio.

As a result of the significant expansion of Investcorp's capabilities and the resources required to deliver them, aggregate operating expenses increased 7% to \$239.9 million (FY16: \$224.3 million). Despite the increase in expenses, Investcorp's cost-to-income ratio improved to 67% at the end of the period from 71% in FY16, reflecting the enhanced profitability of the Firm.

Fully diluted earnings per share for the period increased 33% to \$1.25 (FY16: \$0.94 per share), while return on equity increased to 12% (FY16: 10%).

The Board of Directors have proposed an ordinary share dividend of 24 cents per share, which is at the same level as last year, along with a full dividend on the preference shares.

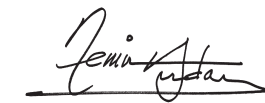
### Outlook

We are building a more global Investcorp, an Investcorp that we intend to be increasingly diversified and able to deliver consistent and stable returns over the long-term. We have already made a number of strategic decisions to grow the Firm towards this objective and we will continue to seize opportunities to help us achieve our objectives over the year ahead.

Saying that, we are conscious that we are living in a volatile world. It is rare for a month to go by without a major event impacting global markets. That is why it is critical that Investcorp remains nimble and prudent, while continuing to focus on diversification over the medium and long term.

On behalf of the Investcorp Board of Directors, we would like to thank all of our shareholders for their continued support. Investcorp has achieved a lot over the past 12 months and we firmly believe that we can build on this to have another successful year in 2018.

Signed on behalf of the Board of Directors



Nemir A. Kirdar  
Chairman of the Board



Mohammed Bin Mahfoodh  
Bin Saad Al Ardhi  
Executive Chairman

August 8th, 2017

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2017

\$000's	2017	2016
<b>FEE INCOME</b>		
AUM fees	135,541	97,370
Deal fees	181,004	210,097
<i>Fee income</i>	316,545	307,467
<b>ASSET BASED INCOME</b>		
Corporate investment	19,189	100,773
Alternative investment solutions	15,784	(27,664)
Real estate investment	23,436	(1,513)
Credit management investment	33,476	-
Treasury and other asset based income	13,296	4,415
<i>Asset based income</i>	105,181	76,011
<b>Gross operating income</b>	421,726	383,478
Provisions for impairment	(4,114)	(8,216)
Interest expense	(57,480)	(60,947)
Operating expenses	(239,873)	(224,262)
<b>PROFIT FOR THE YEAR</b>	120,259	90,053
Basic earnings per ordinary share (\$)	1.28	0.97
Fully diluted earnings per ordinary share (\$)	1.25	0.94

### CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

\$000's	2017	2016
<b>PROFIT FOR THE YEAR</b>	120,259	90,053
Other comprehensive income that will be recycled to statement of profit or loss		
Fair value movements - available for sale investments	-	(101)
Fair value movements - cash flow hedges	(3,059)	8,415
Other comprehensive income that will not be recycled to statement of profit or loss		
Movements - Fair value through other comprehensive income investments	(26,828)	-
Other comprehensive (loss) / income	(29,887)	8,314
<b>TOTAL COMPREHENSIVE INCOME</b>	90,372	98,367

### CONTACT DETAILS

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# INVESTCORP

## FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2017

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

\$000's	Reserves						Other Reserves						Total equity	
	Preference share capital	Ordinary share capital	Share premium	Statutory reserve	Fair Value reserve	Total	Treasury shares	Retained earnings	Proposed appropriations	Available for sale investments	Cash flow hedges	Revaluation reserve on premises and equipment		Total
<b>Balance at July 1, 2015</b>	225,000	200,000	159,166	100,000	-	259,166	(103,566)	268,086	42,288	2,155	(16,263)	5,134	(8,974)	882,000
Total comprehensive income	-	-	-	-	-	-	-	90,053	-	(101)	8,415	-	8,314	98,367
Preference shares purchased during the period	(1,761)	-	-	-	-	-	-	(276)	-	-	-	-	-	(2,037)
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	230	-	-	-	(230)	(230)	-
Treasury shares sold / vested during the year - net of purchases	-	-	-	-	-	-	81,201	-	-	-	-	-	-	81,201
Gain on sale of treasury shares - net of loss on vesting	-	-	23,084	-	-	23,084	(23,084)	-	-	-	-	-	-	-
Approved appropriations for fiscal 2015 paid	-	-	-	-	-	-	-	-	(42,288)	-	-	-	-	(42,288)
Proposed appropriations for fiscal 2016	-	-	-	-	-	-	-	(44,611)	44,611	-	-	-	-	-
<b>Balance at June 30, 2016</b>	<b>223,239</b>	<b>200,000</b>	<b>182,250</b>	<b>100,000</b>	<b>-</b>	<b>282,250</b>	<b>(45,449)</b>	<b>313,482</b>	<b>44,611</b>	<b>2,054</b>	<b>(7,848)</b>	<b>4,904</b>	<b>(890)</b>	<b>1,017,243</b>
<b>Balance at July 1, 2016</b>	<b>223,239</b>	<b>200,000</b>	<b>182,250</b>	<b>100,000</b>	<b>-</b>	<b>282,250</b>	<b>(45,449)</b>	<b>313,482</b>	<b>44,611</b>	<b>2,054</b>	<b>(7,848)</b>	<b>4,904</b>	<b>(890)</b>	<b>1,017,243</b>
Restatement arising from early adoption of IFRS 9	-	-	-	-	2,054	2,054	-	(3,521)	-	(2,054)	-	-	(2,054)	(3,521)
<b>Balance at July 1, 2016 (Restated)</b>	<b>223,239</b>	<b>200,000</b>	<b>182,250</b>	<b>100,000</b>	<b>2,054</b>	<b>284,304</b>	<b>(45,449)</b>	<b>309,961</b>	<b>44,611</b>	<b>-</b>	<b>(7,848)</b>	<b>4,904</b>	<b>(2,944)</b>	<b>1,013,722</b>
Total comprehensive income	-	-	-	-	(26,828)	(26,828)	-	120,259	-	-	(3,059)	-	(3,059)	90,372
Transferred to retained earnings upon derecognition	-	-	-	-	19,335	19,335	-	(19,335)	-	-	-	-	-	-
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	230	-	-	-	(230)	(230)	-
Treasury shares sold / vested during the year - net of purchases	-	-	(878)	-	-	(878)	86,608	-	-	-	-	-	-	85,730
Gain on sale of treasury shares - net of loss on vesting	-	-	44,388	-	-	44,388	(44,388)	-	-	-	-	-	-	-
Approved appropriations for fiscal 2016 paid	-	-	-	-	-	-	-	-	(44,611)	-	-	-	-	(44,611)
Proposed appropriations for fiscal 2017	-	-	-	-	-	-	-	(44,087)	44,087	-	-	-	-	-
<b>Balance at June 30, 2017</b>	<b>223,239</b>	<b>200,000</b>	<b>225,760</b>	<b>100,000</b>	<b>(5,439)</b>	<b>320,321</b>	<b>(3,229)</b>	<b>367,028</b>	<b>44,087</b>	<b>-</b>	<b>(10,907)</b>	<b>4,674</b>	<b>(6,233)</b>	<b>1,145,213</b>

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

\$000's	June 30, 2017	June 30, 2016
<b>ASSETS</b>		
Cash and short-term funds	44,517	292,214
Placements with financial institutions and other liquid assets	517,406	133,234
Positive fair value of derivatives	62,069	90,210
Receivables and prepayments	277,085	320,612
Advances	85,582	105,243
Underwritten investments	460,394	493,484
<b>Co-investments</b>		
Corporate investment	538,989	602,640
Alternative investment solutions	236,331	315,827
Real estate investment	79,115	104,412
Credit management investment	258,712	-
Total co-investments	1,113,147	1,022,879
Premises, equipment and other assets	37,711	39,277
Intangible assets	58,072	-
<b>TOTAL ASSETS</b>	<b>2,655,983</b>	<b>2,497,153</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Call accounts	249,203	129,987
Term and institutional accounts	184,681	124,113
Payables and accrued expenses	155,394	201,390
Negative fair value of derivatives	43,645	49,480
Medium-term debt	381,733	403,081
Long-term debt	409,539	478,981
Deferred fees	86,575	92,878
<b>TOTAL LIABILITIES</b>	<b>1,510,770</b>	<b>1,479,910</b>
<b>EQUITY</b>		
Preference share capital	223,239	223,239
Ordinary shares at par value	200,000	200,000
Reserves	320,321	282,250
Treasury shares	(3,229)	(45,449)
Retained earnings	367,028	313,482
Ordinary shareholders' equity excluding proposed appropriations and other reserves	884,120	750,283
Proposed appropriations	44,087	44,611
Other reserves	(6,233)	(890)
<b>TOTAL EQUITY</b>	<b>1,145,213</b>	<b>1,017,243</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,655,983</b>	<b>2,497,153</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

\$000's	2017	2016
<b>OPERATING ACTIVITIES</b>		
Profit for the year	120,259	90,053
Adjustments for non-cash items in net income		
Depreciation	5,189	4,927
Provisions for impairment	4,114	8,216
Amortization of transaction costs of borrowings and intangible assets	6,624	5,914
Employee deferred awards	25,627	22,183
Operating profit adjusted for non cash items	161,813	131,293
<b>CHANGES IN:</b>		
Operating capital		
Placements with financial institutions and other liquid assets (non-cash equivalent)	(103,385)	(24,474)
Receivables and prepayments	41,757	(59,097)
Advances	17,507	3,682
Underwritten and warehoused investments	74,090	(405,979)
Call accounts	119,216	28,960
Payables and accrued expenses	(74,399)	(37,780)
Deferred fees	(6,303)	(7,412)
Co-investments		
Corporate investment	63,651	64,498
Alternative investment solutions	79,496	105,229
Real estate investment	(1,532)	38,485
Credit management investment	(30,002)	-
Fair value of derivatives	(48,248)	132,021
Other assets	51	(84)
<b>NET CASH FROM/ (USED) IN OPERATING ACTIVITIES</b>	<b>293,712</b>	<b>(30,658)</b>
<b>FINANCING ACTIVITIES</b>		
Term and institutional accounts	60,568	86,434
Medium-term debt repaid - net of transaction costs	(29,058)	(14,021)
Treasury shares sold - net	72,586	65,595
Preference shares purchased	-	(2,037)
Dividends paid	(41,641)	(39,788)
Charitable contributions paid	(2,970)	(2,500)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>59,485</b>	<b>93,683</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries	(316,406)	-
Investment in premises and equipment	(3,674)	(1,362)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(320,080)</b>	<b>(1,362)</b>
Net increase in cash and cash equivalents	33,117	61,663
Cash and cash equivalents at beginning of the year	400,974	339,311
Cash and cash equivalents at end of the year	434,091	400,974
<b>Cash and cash equivalents comprise of:</b>		
Cash and short-term funds	44,517	292,214
Placements with financial institutions and other liquid assets with an original maturity of three months or less	389,574	108,760
	434,091	400,974
In addition to the above, the Group has an undrawn and available balance of \$422.1 million (June 30, 2016: \$428.3 million) from its revolving medium-term facilities.		
<b>ADDITIONAL CASH FLOW INFORMATION</b>		
Interest paid	(56,757)	(61,882)
Interest received	10,486	12,439