

INVESTCORP

FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (REVIEWED)

\$millions	July - Dec 2018	July - Dec 2017
FEE INCOME		
AUM fees	83	79
Deal fees	67	61
<i>Fee income (a)</i>	150	140
ASSET BASED INCOME		
Private equity investment	15	32
Credit management investment	12	10
Absolute return investments	3	8
Real estate investment	11	13
Investment in an associate	2	-
Treasury and other asset based income	6	5
<i>Asset based income (b)</i>	49	68
Gross operating income (a) + (b)	199	208
Provisions for impairment	(1)	(1)
Interest expense	(26)	(31)
Operating expenses	(111)	(117)
PROFIT BEFORE TAX	61	59
Income tax expense	(3)	(4)
PROFIT FOR THE PERIOD	58	55
Basic earnings per ordinary share (\$)	0.76	0.71
Fully diluted earnings per ordinary share (\$)	0.74	0.70

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (REVIEWED)

\$millions	Jul - Dec 2018	Jul - Dec 2017
PROFIT FOR THE PERIOD	58	55
Other comprehensive income that will be recycled to statement of profit or loss		
Movements - Fair value through other comprehensive income investments	(1)	-
Fair value movements - cash flow hedges	3	(1)
Other comprehensive income that will not be recycled to statement of profit or loss		
Movements - Fair value through other comprehensive income investments	(4)	0
Other comprehensive loss	(2)	(1)
TOTAL COMPREHENSIVE INCOME	56	54

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018 (REVIEWED)

\$millions	December 31, 2018	June 30, 2018 (Audited)
ASSETS		
Cash and short-term funds	106	105
Placements with financial institutions and other liquid assets	381	266
Positive fair value of derivatives	38	55
Receivables and prepayments	211	276
Advances	94	92
Underwritten and warehoused investments	342	446
Co-investments		
Private equity investment	591	625
Credit management investment	298	272
Absolute return investments	158	189
Real estate investment	74	76
Total co-investments	1,121	1,162
Premises, equipment and other assets	36	36
Investment in an associate	35	-
Intangible assets	54	55
TOTAL ASSETS	2,418	2,493
LIABILITIES AND EQUITY		
LIABILITIES		
Call accounts	390	149
Term and institutional accounts	151	300
Payables and accrued expenses	90	193
Negative fair value of derivatives	17	39
Medium-term debt	110	167
Long-term debt	477	450
Deferred fees	58	72
TOTAL LIABILITIES	1,293	1,370
EQUITY		
Preference share capital	123	123
Ordinary shares at par value	200	200
Reserves	315	322
Treasury shares	(16)	(5)
Retained earnings	505	447
Ordinary shareholders' equity excluding proposed appropriations and other reserves	1,004	964
Proposed appropriations	-	41
Other reserves	(2)	(5)
TOTAL EQUITY	1,125	1,123
TOTAL LIABILITIES AND EQUITY	2,418	2,493

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (REVIEWED)

\$millions	July - Dec 2018	July - Dec 2017
OPERATING ACTIVITIES		
Profit before tax	61	59
Adjustments for non-cash items in profit before tax		
Depreciation	3	5
Provisions for impairment	1	1
Amortization of transaction costs of borrowings and management contracts	3	3
Employee deferred awards	10	11
Operating profit adjusted for non-cash items	78	79
Changes in:		
Operating capital		
Placements with financial institutions and other liquid assets (non-cash equivalent)	-	121
Receivables and prepayments	59	(34)
Advances	(3)	(20)
Underwritten and warehoused investments	104	(48)
Call accounts	241	(92)
Payables and accrued expenses	(104)	0
Deferred fees	(14)	(6)
Co-investments		
Private equity investment	30	36
Credit management investment	(29)	(57)
Absolute return investments	32	(8)
Real estate investment	3	(11)
Fair value of derivatives	2	6
Income taxes paid	(2)	(6)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	397	(40)
FINANCING ACTIVITIES		
Term and institutional accounts	(149)	206
Medium-term debt repaid - net of transaction costs	(60)	(15)
Long-term debt issued - net of transaction costs	21	-
Treasury shares purchased - net	(17)	(13)
Dividends paid	(41)	(44)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(246)	134
INVESTING ACTIVITIES		
Investment in an associate	(32)	-
Investment in premises and equipment	(3)	0
NET CASH USED IN INVESTING ACTIVITIES	(35)	0
Net increase in cash and cash equivalents of the period	116	93
Cash and cash equivalents at beginning of the period	369	434
Cash and cash equivalents at end of the period	485	527
Cash and cash equivalents comprise of:		
Cash and short-term funds	106	52
Placements with financial institutions and other liquid assets with an original maturity of three months or less	379	475
	485	527
In addition to the above, the Group has an undrawn and available balance of \$675 million (June 30, 2018: \$625 million and December 31, 2017: \$337 million) from its revolving medium-term facilities.		
ADDITIONAL CASH FLOW INFORMATION		
\$millions		
Interest paid	(26)	(34)
Interest received	18	18

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 (REVIEWED)

\$millions	Preference share capital	Ordinary share capital	Reserves				Treasury shares	Retained earnings	Proposed appropriations	Cash flow hedges	Other Reserves		Total equity
			Share premium	Statutory reserve	Fair Value reserve	Total					Revaluation reserve on premises and equipment	Total	
Balance at July 1, 2017	223	200	226	100	(5)	321	(3)	367	44	(11)	5	(6)	1,145
Total comprehensive income	-	-	-	-	0	0	-	55	-	(1)	-	(1)	54
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	0	-	-	(0)	(0)	-
Treasury shares purchased during the period - net of sales and vesting	-	-	-	-	-	-	(9)	-	-	-	-	-	(9)
Loss on vesting of treasury shares - net of gain on sale	-	-	(3)	-	-	(3)	3	-	-	-	-	-	-
Approved appropriations for fiscal 2017	-	-	-	-	-	-	-	-	(44)	-	-	-	(44)
Balance at December 31, 2017	223	200	223	100	(5)	318	(9)	422	-	(12)	5	(7)	1,146
Balance at July 1, 2018	123	200	229	100	(7)	322	(5)	447	41	(9)	4	(5)	1,123
Total comprehensive income	-	-	-	-	(5)	(5)	-	58	-	3	-	3	56
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	-	-	-	0	-	-	(0)	(0)	-
Treasury shares purchased during the period - net of sales and vesting	-	-	-	-	-	-	(13)	-	-	-	-	-	(13)
Loss on vesting of treasury shares - net of gain on sale	-	-	(2)	-	-	(2)	2	-	-	-	-	-	-
Approved appropriations for fiscal 2018	-	-	-	-	-	-	-	-	(41)	-	-	-	(41)
Balance at December 31, 2018	123	200	227	100	(12)	315	(16)	505	-	(6)	4	(2)	1,125

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